

STATE OF SOUTH CAROLINA

(Caption of Case)

Joint Application of Haig Point, Inc. and CK
Materials LLC for Approval of the Sale and
Transfer of Stock, Assets and Operating Authority of
Haig Point Utility Company, Inc.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2007 - 414 - W/S

(Please type or print)

Submitted by: Laura Johnson EvansSC Bar Number: 5843Address: Pratt-Thomas WalkerTelephone: 843-727-222616 Charlotte St.Fax: 843-727-2236Charleston, SC 29401

Other: _____

Email: lje@wiselaw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

RECEIVED

NOV 19 2007

PSC SC
DOCKETING DEPT

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IAN W. FREEMAN (SC, GA)

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DANIEL S. MCCORMACK, JR.

November 15, 2007

VIA FEDERAL EXPRESS

Public Service Commission of South Carolina
ATT: Docketing
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RECEIVED
2007 NOV 16 AM 9:25
SC PUBLIC SERVICE
COMMISSION

RE: Joint Application for Sale and Transfer of Stock, Assets and Operating Authority

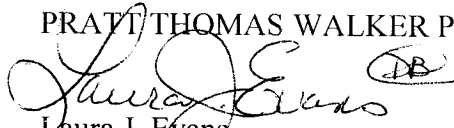
Dear Docketing:

Enclosed please find the Application of Haig Point Inc. and CK Materials LLC for approval of the sale of Haig Point Utility Company, as described within the documents.

I will look forward to hearing from you when this matter is placed on the docket. With kindest regards, I am

Sincerely yours,

PRATT-THOMAS WALKER PA


Laura J. Evans

Enclosures

RECEIVED

2007 NOV 16 AM 9:25

SC PUBLIC SERVICE
COMMISSION

**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No.: _____

Re: Joint Application of Haig Point, Inc.)	JOINT APPLICATION FOR
and CK Materials, LLC for Approval)	THE SALE AND TRANSFER
of the Sale, Transfer of Stock, Assets)	OF STOCK, ASSETS AND
Operating Authority of Haig Point Utility)	OPERATING AUTHORITY
Company, Inc.)	

CK Holdings, LLC ("Applicant") and Haig Point, Inc., on behalf of Haig Point Utility Company, Inc. ("Present Certificate Holder" or "Joint Applicant") (collectively "Joint Applicants"), pursuant to South Carolina Regulations R.103-504 and 103-704, and other applicable Rules and Regulations of the Public Service Commission of South Carolina (the "Commission"), hereby request that the Commission approve the sale and transfer of the ownership of the water and sewer utility known as Haig Point Utility Company, Inc. ("HPUC"), located on Daufuskie Island, Beaufort County, South Carolina, specifically including all stock, infrastructure and all assets and income and ownership without limitation, and all rights, operating authority, and *indicia* of ownership as broadly as those terms may be defined. In support of their Application, the Joint Applicants would show the following:

1. HPUC is presently certified by this Commission to provide water and sewer services in a specified service area, including Haig Point Plantation and the

Cedar Cove development, both located on Daufuskie Island (Exhibit A, Service Area Map);

2. HPUC is a public utility subject to the jurisdiction of the Commission;
3. HPUC is a South Carolina corporation in good standing under the laws of the State of South Carolina with its most current Articles of Incorporation on file with the Commission;
4. The Joint Applicants seek approval to transfer the stock of HPUC which includes the infrastructure, assets, income, ownership, liabilities and rights and operating authority of HPUC, as broadly as those terms may be defined;
5. All communications concerning this Application may be directed to:

Applicant

CK Holdings, LLC
ATTN: Mr. Jamie J. Karabinchak
10 Liberty Street
Edison, NJ 08837

Joint Applicant

Haig Point Utility Company, Inc.
ATTN: Mr. Tom Connor
6400 Poplar Avenue
Memphis, TN 38197

Attorney of Record

Charles A. Scarminach, Esq.
Novit & Scarminach, PA
The Jade Building
Suite 400
52 New Orleans Road
Hilton Head Island, SC 29938
Telephone: 843-785-5850

Attorney of Record

Laura J. Evans, Esq.
Pratt-Thomas Walker, PA
16 Charlotte Street
Charleston, SC 29403
Telephone: 843-727-2200

6. Present Certificate Holder, HPUC, by and through Haig Point, Inc., has agreed to sell and transfer and Applicant has agreed to buy all the issued and outstanding stock of HPUC and thereby receive all assets, including but not limited to, all easements and all rights and privileges contained therein and operating authority of HPUC as is more fully set forth hereinabove and

memorialized in the Stock Purchase Agreement dated October 26, 2007 (Exhibit B).

7. The transfer and sale contemplated, after regulatory approvals, will be a final transfer and sale of HPUC and Applicant assumes all liability attendant to

8. The transfer and sale contemplated herein will be carried out in accordance with and subject to the regulations of the Commission and in coordination with the customers of HPUC.

9. The Applicant possesses the skill, knowledge and expertise to operate HPUC, including the continued utilization of current HPUC employees and the contracted services of Guastella Associates (Exhibit C, Qualifications), upon the approval of this Commission.

10. This transfer, if approved by this Commission, is subject to the terms, conditions and rates previously approved by the Commission and currently governing HPUC and is subject to the terms and conditions of all permits issued by the South Carolina Department of Health and Environmental Control ("SCDHEC"), and all applicable consent orders between the HPUC and SCDHEC, if any.

11. HPUC currently has sufficient capacity to properly provide service to its customers. HPUC currently services a total of approximately two hundred ninety (290) customers, two hundred eighty six (286) of which are residential customers and four (4) of which are commercial customers.

12. Based upon the foregoing, it is in the best interest of the customers of

HPUC and in the public interest that this Commission approve the proposed transfer of HPUC, as set forth in more detail hereinabove and in Exhibit B.

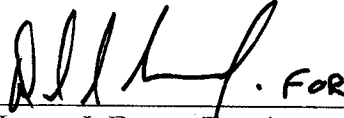
13. The South Carolina Office of Regulatory Staff is being served with a copy of these pleadings.

14. SCDHEC is also being served with a copy of these pleadings.

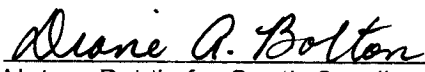
WHEREFORE, having fully set forth the reasons in their Application, the Joint Applicants respectfully request that this Commission:

1. inquire into this matter; and
2. if substantial opposition does not develop, hear and decide this matter at an appropriate weekly agenda session; and
3. grant its approval of the transfer and sale requested hereinabove; and
4. grant such further and other relief as this Commission deems fit and proper.

PRATT-THOMAS WALKER, P.A.
P.O. Drawer 22247
Charleston, S.C. 29413-2247
Tel: (843) 727-2226

By:  FOR
Laura J. Evans, Esquire
Daniel S. McQueeney, Jr., Esquire
Attorneys for Haig Point Utility Co., Inc.

Subscribed and sworn to or affirmed before me
this 15th day of November, 2007


Notary Public for South Carolina
My Commission expires: July 9, 2009

NOVIT & SCARMINACH, P.A.

Post Office Drawer 14

Hilton Head Island, SC 29938

(848) 785-5850

BY: 

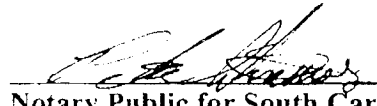
Charles A. Scarminach, Esquire

Its: Managing Shareholder

Attorney-in-Fact for CK Holdings, LLC

[a South Carolina Limited Liability Company]

Subscribed and sworn to or affirmed before
me this 13th day of November, 2007


Notary Public for South Carolina

My Commission Expires: _____

MY COMMISSION EXPIRES SEPT. 5, 2016

EXHIBIT A

[SERVICE AREA MAP]

SEWER COLLECTION SYSTEM MAP

FOR

HAIG POINT

PREPARED FOR

HAIG POINT UTILITY COMPANY INC. &
INTERNATIONAL PAPER RECYCLE CORPORATION
MILTON HEAD ISLAND, SOUTH CAROLINA

PREPARED BY



90 PARK CIRCLE, SUITE 200
SAVANNAH, GA 31404-5707 (912) 434-4390
CHARLESTON, SC - MYRTLE BEACH, SC

JULY 1997

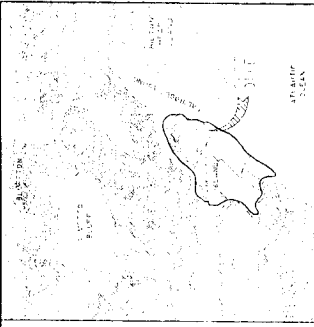
WEBB TRACT

MELROSE LANDING

HAIG POINT

OAKRIDGE

MELROSE

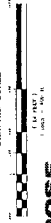


LOCATION MAP

LEGEND

- GRAVITY SEWER
- 10" EFFLUENT MAIN
- 12" FORCE MAIN
- 24" FORCE MAIN
- 36" FORCE MAIN
- 48" FORCE MAIN
- 60" FORCE MAIN
- 72" FORCE MAIN
- MANHOLE
- IRREGULAR PUMP STATION
- PUMP STATION
- HAIG POINT UTILITY CO. SERVICE AREA

GRAPHIC SCALE



NOTE: THIS EXISTING IS SUBMITTAL IN AS IS. THE INFORMATION SHOWN IS BASED ON THE EXISTING AND COMPILED FROM INFORMATION FOR THE EXISTING EAST PORT AREA. THE EXISTING AND THAT CENTER LINES ARE FROM AERIAL PHOTOGRAPHS AND NOT FIELD VERIFIED.

MELROSE LANDING

HAIG POINT

DATAPUNKT DELAY, SOUTH CAROLINA

**HAIG POINT UTILITY COMPANY INC. &
INTERNATIONAL PAPER REALTY CORPORATION**
HILTON HEAD ISLAND, SOUTH CAROLINA

PREPARED BY



50 PARK OF COMMERCE WAY
POST OFFICE BOX 2727
SAVANNAH, GA 31402-2727 (912)234-5300
CHARLESTON, SC - MYRTLE BEACH, SC

WEB TRACT

WELL OF
125 MILLION
ELEVATED STORAGE TANK

OAKRIDGE

HAIG POINT

ESOL ROSE

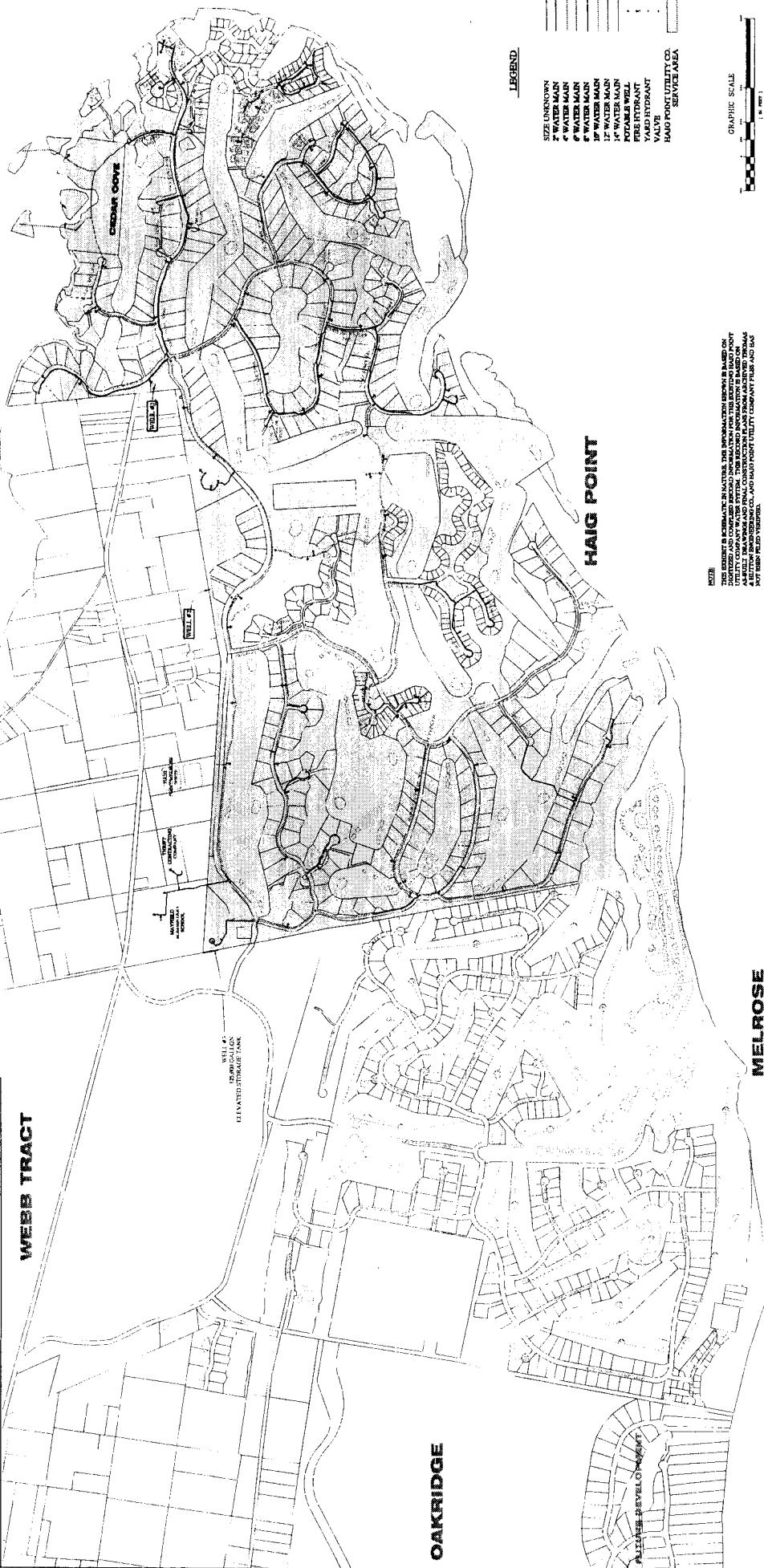
LOCATION: V.A.T.
N22 10 30/31.[illegible]

EXHIBIT B

[STOCK PURCHASE AGREEMENT]

STOCK PURCHASE AGREEMENT

BY AND BETWEEN

HAIG POINT, INC.

AND

CK MATERIALS, LLC

DATED AS OF OCTOBER 26, 2007

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this “**Agreement**”), dated as of October 26, 2007 (the “**Effective Date**”), is by and between CK MATERIALS, LLC, a South Carolina limited liability company (“**Buyer**”), and HAIG POINT, INC., a Delaware corporation (“**Seller**”).

W I T N E S S E T H :

WHEREAS, Seller directly owns certain capital stock in the entities comprising the Haig Point Entities as set forth on Schedule 3.05(a) (the “**Interests**”); and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Interests, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, the parties hereto (each, a “**Party**” and collectively, the “**Parties**”) agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions. Capitalized terms used in this Agreement have the meanings set forth in this Agreement. In addition, for purposes of this Agreement, the following terms, when used in this Agreement, have the meanings assigned to them in this Section 1.01.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person; *provided* that none of the Haig Point Entities shall be considered an Affiliate of Seller.

“**Business**” means the business conducted by the Haig Point Entities on the Effective Date with respect to the provision of water and wastewater services.

“**Business Day**” means any day that is not a Saturday, Sunday or other day on which banks are required or authorized by law to be closed in the City of New York, New York.

“**Buyer Plan**” means any “employee benefit plan”, as defined in Section 3(3) of ERISA, and each other policy, program or arrangement providing for compensation, bonuses, profit-sharing, stock option or other stock-related rights or other forms of incentive or deferred compensation, vacation benefits, insurance, health, medical or dental benefits, employee assistance program, disability or sick leave benefits, severance benefits, workers’ compensation, supplemental unemployment benefits and post-employment or retirement benefits which is maintained, administered or contributed to by Buyer or any of its ERISA Affiliates and covers any employee or director of Buyer or any of its ERISA Affiliates, or with respect to which Buyer or any of its ERISA Affiliates has any liability.

“**Closing Date**” means the date of the Closing.

“**Code**” means the Internal Revenue Code of 1986, as amended, from time to time.

“Combined Tax” means any income, franchise or similar Tax and any property Tax payable to any state, local or foreign taxing jurisdiction in which any Haig Point Entity has filed or will file a Return with a member of the Seller Group on an affiliated, consolidated, combined or unitary basis with respect to such Tax.

“Confidentiality Agreement” means that certain Confidentiality Agreement, dated as of September 11, 2007, between Seller and Buyer.

“Control” as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management of that Person, whether through ownership of voting securities or otherwise.

“Due Diligence Period” means the period commencing on the Effective Date and ending at 5:00 p.m. (Eastern Time) on December 15, 2007.

“Employee Plan” means any employee benefit plan, each written employment, severance or similar agreement and each other policy, program or arrangement providing for compensation, bonuses, profit-sharing, stock option or other stock-related rights or other forms of incentive or deferred compensation, vacation benefits, insurance, health, medical or dental benefits, employee assistance program, disability or sick leave benefits, severance benefits, workers’ compensation, supplemental unemployment benefits and post-employment or retirement benefits which is maintained, administered or contributed to by any Haig Point Entity or any of their ERISA Affiliates and covers any employee or director of any Haig Point Entity or any of their ERISA Affiliates, or with respect to which any Haig Point Entity or any of their ERISA Affiliates has any liability.

“Environmental Laws” means all United States federal, state and local laws, rules and regulations, in existence as of the Closing Date, where the Business currently is conducted, any of which govern (or purport to govern) or relate to pollution, protection of the environment, Releases or threatened Releases of Hazardous Substances, solid or hazardous waste, as any of these terms are or may be defined in such statutes, laws, rules or regulations relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Substances and all laws and regulations with regard to record keeping, notification, disclosure and reporting requirements respecting Hazardous Substances.

“Environmental Permit” means any permit, approval, identification number, license or other authorization required under any applicable Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” of any entity means any other entity which, together with such entity, would be treated as a single employer under Section 414 of the Code.

“Escrow Agent” means Chicago Title Insurance Company.

“Federal Tax” means any Tax imposed under Subtitle A of the Code with respect to which HPUC has filed or will file a Return with a member of the Seller Group on a consolidated basis.

“Final Determination” means (i) any final determination of liability in respect of a Tax that, under applicable law, is not subject to further appeal, review or modification through proceedings or otherwise (including the expiration of a statute of limitations or a period for the filing of claims for refunds, amended returns or appeals from adverse determinations), including a “determination” as defined in Section 1313(a) of the Code or execution of an Internal Revenue Service Form 870AD or (ii) the payment of Tax by Buyer, Seller or any of their respective Affiliates, whichever is responsible for payment of such Tax under applicable law, with respect to any item disallowed or adjusted by a Taxing Authority; *provided* that such responsible party determines that no action should be taken to recoup such payment and the other party agrees.

“GAAP” means United States generally accepted accounting principles as in effect on the Effective Date.

“Governmental Authority” means any supranational, national, regional, state, local, municipal, other governmental or regulatory authority, administrative body or government, department, board, body, instrumentality, commission, court or other judicial authority.

“Haig Point Entities” means HPMWTC and HPUC.

“Hazardous Substance” means any chemicals, materials or substances defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “hazardous constituents”, “restricted hazardous materials”, “extremely hazardous substances”, “toxic substances”, “contaminants”, “pollutants”, “toxic pollutants”, or words of similar meaning and regulatory effect under any applicable Environmental Law.

“HPMWTC” means Haig Point / Melrose Wastewater Treatment Company, Inc., a South Carolina corporation.

“HPUC” means Haig Point Utility Company, Inc., a South Carolina corporation.

“Income Taxes” means all Taxes based upon, measured by, or calculated with respect to (a) gross or net income or gross or net receipts of profits (including any capital gains, minimum taxes and any Taxes on items of tax preference, but not including sales, use, goods and services, real or personal property transfer or other similar Taxes), (b) multiple bases (including corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based upon, measured by, or calculated with respect to, is described in (a) above, or (c) withholding taxes measured by, or calculated with respect to, any payments or distributions (other than wages).

“Initial Review Period” means the period commencing on the Effective Date and ending at 5:00 p.m. (Eastern Time) on the earlier of (a) the thirtieth (30th) day after the Effective Date and (b) November 23, 2007.

“Knowledge of Seller” means the actual knowledge of Tom Connor, Vice President and Treasurer of Seller.

“Lien” means any mortgage, pledge, lien (statutory or otherwise and including environmental and tax liens), security interest, easement, right of way, limitation, encroachment, covenant, claim, restriction, right, option, conditional sale or other title retention agreement, charge or encumbrance of any kind or nature (except for any restrictions arising under any applicable securities laws).

“Material Adverse Effect” means a material adverse effect on the business, results of operations, properties, assets or financial condition of the Business, taken as a whole, other than any event, change or effect resulting from, relating to or arising out of (a) the announcement of the execution of this Agreement and the transactions contemplated hereby, including by reason of the identity of Buyer or communication by Buyer of its plans or intentions regarding operation of the Haig Point Entities or the Business, (b) any action taken by Seller or Buyer or any of their respective representatives pursuant to the terms of this Agreement or necessary to consummate the transactions contemplated by this Agreement, (c) any actions taken, or failures to take action, or such other changes or events, in each case, to which Buyer has consented, (d) any change in law, rule or regulation or GAAP or interpretations thereof applicable to the Haig Point Entities, Seller or Buyer, (e) acts of God, national or international political or social conditions, including the engagement by any nation or Person in hostilities, whether commenced before or after the Effective Date, and whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack, (f) general economic conditions in any of the geographic areas in which the Haig Point Entities operate, (g) changes or events affecting the financial, banking, currency or capital markets in general (whether in the United States or any other country or in any international market), (h) changes or events affecting the industry and markets in which the Haig Point Entities generally operate, (i) increases in water, energy, electricity, natural gas, raw materials or other operating costs or (j) any matter of which the Buyer or its representatives has actual knowledge on the Effective Date.

“Melrose” means The Melrose Group Limited Partnership, a South Carolina limited partnership, and its successors and assigns.

“Permits” means permits, licenses, variances, exemptions, orders, approvals, authorizations, certificates, franchises, qualifications, registrations, consents, notices and rights.

“Permitted Encumbrances” means (a) Liens for Taxes that are not delinquent or are being contested in good faith, (b) mechanic’s, materialman’s and other Liens for work, labor, materials or supplies provided with respect to such Real Property incurred in the ordinary course of business for amounts which are not delinquent or are being contested in good faith, (c) zoning, building, land use and other similar laws, rules or regulations regulating the use or occupancy of such Real Property or the activities conducted thereon that do not prevent the current use or occupancy of such Real Property or the current operation of the Business thereon, (d) Liens created in the ordinary course of business, (e) easements, rights of way, servitudes, covenants, conditions, restrictions, oil, gas or other mineral (whether similar or dissimilar) leases, rights, royalties or other interests, defects, irregularities, impediments, imperfections, exceptions in or to title, and other matters of public record in the jurisdiction where such Real Property is located

that do not prevent the current use or occupancy of such Real Property or the current operation of the Business thereon, (f) Liens identified in the Disclosure Schedules, (g) conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business, (h) Liens created by or on behalf of Buyer, and (i) other Liens that do not prevent the use of the respective underlying asset to which such Liens relate as used on the Effective Date.

“Person” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Post-Closing Tax Period” means any Tax period beginning after the Closing Date and the portion of any Straddle Period occurring after the Closing Date.

“Pre-Closing Tax Period” means any Tax period ending on or prior to the Closing Date and the portion of any Straddle Period occurring on or prior to the Closing Date.

“Real Property” means the real property listed by address on Schedule 3.13(a) owned by any Haig Point Entity and used in the Business.

“Release” means any spill, emission, discharge, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching, release, presence or migration of Hazardous Substances in or into the environment above regulatory standards or into or out of any property.

“Seller Group” means, with respect to federal and foreign Income Taxes, the affiliated group of corporations (as defined in Section 1504(a) of the Code and any similar provision of foreign law) of which Seller is a member and, with respect to state income, property or franchise Taxes, the consolidated, combined or unitary group of which Seller or any of its Affiliates is a member.

“Solvent” with regard to any Person, means that (a) the sum of the assets of such Person, both at a fair valuation and at present fair salable value, exceeds its liabilities, including contingent, subordinated, unmatured, unliquidated, and disputed liabilities, (b) such Person has sufficient capital with which to conduct its business, and (c) such Person has not incurred debts, and does not intend to incur debts, beyond its ability to pay such debts as they mature. For purposes of this definition, **“debt”** means any liability on a claim, and **“claim”** means (i) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured or (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. With respect to any such contingent liabilities, such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represents the amount which can reasonably be expected to become an actual or matured liability.

“Stockholders Agreement” means that certain Stockholders Agreement by and among Haig Point/Melrose Wastewater Treatment Company, Inc., a South Carolina corporation, Seller (f/k/a International Paper Realty Corporation of South Carolina) and Melrose.

“Straddle Period” means any taxable year or period beginning on or before and ending after the Closing Date.

“Subsidiary” means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time, directly or indirectly, owned by such Person.

“Tax” means (a) any tax, governmental fee or other like assessment or charge of any kind whatsoever (including withholding on amounts paid to or by any Person), together with any interest, penalty, addition to tax or additional amount imposed by a Taxing Authority, and (b) any liability for the payment of any amount of the type described in the immediately preceding clause (a) as a result of being included as a member of an affiliated, consolidated or combined group with any other corporation.

“Tax Asset” means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including deductions and credits related to alternative minimum Taxes) and losses or deductions deferred by the Code or other applicable law (including pursuant to Section 163(e)(3) or 163(j) of the Code).

“Taxing Authority” means any Governmental Authority responsible for the imposition of any Tax.

“Utility & Water Laws” means (a) all United States federal, state and local laws, rules and regulations, in existence as of the Closing Date, where the Business currently is conducted, any of which govern (or purport to govern) or relate to the ownership, operations, safety, engineering standards, recordkeeping, accounting or billing functions, ratemaking or customer relations of any public or private utility, (b) Environmental Laws, and (c) all United States federal, state and local laws, rules and regulations, in existence as of the Closing Date, where the Business currently is conducted, any of which govern (or purport to govern) or relate to water withdrawal, use, treatment, storage or discharge.

ARTICLE II PURCHASE AND SALE

Section 2.01 Sale of the Interests. The closing (the **“Closing”**) of the purchase and sale of the Interests and the consummation of the other transactions contemplated hereby shall take place at the offices of Novit & Scarminach, P.A., The Jade Building, Suite 400, 52 New Orleans Road, Hilton Head, South Carolina on December 20, 2007 or on such other date and at such other time or place as the Parties shall mutually agree. At the Closing and subject to the terms and conditions set forth in this Agreement, Seller will sell, assign and transfer to Buyer all of Seller’s right, title and interest in and to the Interests, free and clear of any Liens other than Permitted Encumbrances.

Section 2.02 The Purchase Price. Upon the terms, and subject to the satisfaction or, if permissible, waiver, of the conditions of this Agreement, in consideration of the aforesaid sale,

assignment, transfer and delivery to Buyer of the Interests, at the Closing, Buyer shall pay or cause to be paid in full to Seller (\$), less the Deposit (as defined below) upon Seller's full receipt thereof at the Closing, in cash by wire transfer of immediately available federal funds to the bank account(s) designated by Seller (the "**Purchase Price**"). The Purchase Price shall be allocated among the Interests as set forth on Schedule 2.02. Seller and Buyer shall (i) be bound by the allocations set forth on Schedule 2.02 for purposes of Section 8.04 ("**Section 338(h)(10) Election**") and determining any Taxes, (ii) prepare and file all Returns in a manner consistent with such allocations, and (iii) take no position inconsistent with such allocations in any Return, any proceeding before any Taxing Authority or otherwise. In the event any of such allocations is disputed by any Taxing Authority, the Party receiving notice of such dispute shall promptly notify and consult with the other Party concerning resolution of such dispute.

Section 2.03 Due Diligence.

(a) Due Diligence. On the Effective Date, Buyer shall deliver Dollars (\$) in cash by wire transfer of immediately available federal funds (the "**Deposit**") to Escrow Agent. The Escrow Agent shall hold, administer and disburse the Deposit in accordance with the terms and conditions of the Escrow Agreement, dated as of the Effective Date, by and among Buyer, Seller and Escrow Agent (the "**Escrow Agreement**"). Except as otherwise expressly provided in this Agreement, the Deposit shall become non-refundable to Buyer upon the execution of this Agreement and shall be delivered to Seller as liquidated damages hereunder forthwith without demand, deduction, offset or delay upon termination of this Agreement. Notwithstanding anything in this Agreement to the contrary, Seller shall have the right, in its sole, absolute discretion and without any liability, to terminate this Agreement at any time during the Due Diligence Period if Seller reasonably believes Buyer is not (i) proactively conducting due diligence activities or (ii) using its reasonable best efforts to obtain the Required Approvals. If Seller terminates this Agreement pursuant to this Section 2.03(a), Buyer shall be entitled to receive a refund of the Deposit. During the Due Diligence Period, Buyer shall be entitled to perform the inspections delineated under Section 5.02 of this Agreement.

(b) Indemnification. Buyer agrees to keep the Real Property free from all Liens and to indemnify, defend and hold harmless Seller, the Haig Point Entities, their respective Affiliates, and each of their respective officers, directors, members, managers, employees, agents, advisors, representatives, successors and assigns, from and against all damages, loss, charges, judgments, penalties, fines, costs, liability, fees and expenses (including expenses of investigation or remediation, any consulting or engineering fees in connection with any action, suit or proceeding, incurred or suffered by Seller by reason of any damage to the Real Property or injury to Persons caused by Buyer and/or any of its Affiliates, agents, contractors or other representatives exercising the rights of Buyer under this Section 2.03 or Section 5.02 of this Agreement. The indemnity provided pursuant to this Section 2.03(b) shall survive the Closing and any termination of this Agreement.

(c) Termination Prior to Expiration of the Due Diligence Period. Prior to the expiration of the Initial Review Period, Buyer may terminate this Agreement for any reason in its sole discretion by means of written notice thereof to Seller and receive a refund of the Deposit. Following the expiration of the Initial Review Period and prior to the expiration of the Due Diligence Period, Buyer may terminate this Agreement by means of written notice thereof to Seller and receive a refund of the Deposit if, and only if:

(i) SCPSC, SCDHEC or any other applicable Governmental Authority has affirmatively denied a Required Approval and such denial is not subject to appeal;

(ii) Melrose exercises the right of first refusal set forth in the Stockholders Agreement; or

(iii) Buyer discovers during the course of its due diligence any liability of any of the Haig Point Entities that has had or, within one hundred eighty (180) days will have, a Material Adverse Effect.

(d) Effect of Termination Prior to Expiration of Due Diligence Period. If Buyer properly terminates this Agreement pursuant to Section 2.03(c) and Buyer is not then in breach of any of its obligations under this Agreement, Buyer shall be (i) entitled to receive the Deposit and any interest thereon, and (ii) deemed to have thereby waived all right, title and interest in and to the Interests, the Haig Point Entities, the Business, the Real Property and all other assets which may be conveyed under this Agreement, whereupon the parties thereafter shall have no further rights, liabilities or obligations under this Agreement except as otherwise provided in this Agreement. If Buyer does not notify Seller in writing of Buyer's election to terminate this Agreement pursuant to this Section 2.03 on or before the last day of the Due Diligence Period, Buyer shall be deemed to have waived its right to terminate this Agreement pursuant to this Section 2.03, and the Deposit and any interest thereon shall be fully-earned by Seller and non-refundable to Buyer.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Except as disclosed in the disclosure schedules contained in a separate disclosure letter, a copy of which is being delivered by Seller to Buyer (the "**Disclosure Schedules**"), Seller represents and warrants to Buyer as follows:

Section 3.01 Existence and Power. Each of Seller and the Haig Point Entities is a corporation duly incorporated, validly existing and, to the extent relevant in its jurisdiction of incorporation, in good standing under the laws of its jurisdiction of incorporation and has all corporate powers required to carry on its business as now conducted.

Section 3.02 Authorization. The execution, delivery and performance by Seller of this Agreement and the Escrow Agreement, and the consummation of the transactions contemplated hereby and thereby, are within Seller's corporate powers and have been duly authorized by all

necessary corporate action on the part of Seller. Assuming the valid execution and delivery by all counterparties thereto, each of this Agreement and the Escrow Agreement constitutes a valid and binding agreement of Seller, in each case enforceable against Seller in accordance with its respective terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and other laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 3.03 Governmental Authorization. Except as set forth in Schedule 3.03, the execution, delivery and performance by Seller of this Agreement and the Escrow Agreement, and the consummation of the transactions contemplated hereby and thereby, require no action by or in respect of, or filing with, any Governmental Authority, other than (a) compliance with any applicable requirements of any Utility & Water Laws, (b) any such action or filing as to which the failure to make or obtain would not have, individually or in the aggregate, a Material Adverse Effect.

Section 3.04 Noncontravention. Except as set forth in Schedule 3.04, The execution, delivery and performance by Seller of this Agreement and the Escrow Agreement, and the consummation of the transactions contemplated hereby and thereby, do not and will not, violate the organizational documents of Seller or any of the Haig Point Entities.

Section 3.05 Capitalization.

(a) Schedule 3.05(a) sets forth, as of the Effective Date, a list of the Haig Point Entities, including, for each, its name, its jurisdiction of incorporation or formation, its authorized and outstanding capital stock, and the percentage of its outstanding capital stock owned by Seller.

(b) Except as set forth in Schedule 3.05(b), the Interests have been duly authorized and validly issued and are fully paid and non-assessable and are held of record by Seller, free and clear of any Liens other than Permitted Encumbrances. Except as set forth in Schedule 3.05(b), as of the Effective Date, there are no outstanding (i) obligations, options, warrants, convertible securities, exchangeable securities or other rights, agreements or other commitments relating to the capital stock of the Haig Point Entities or obligating the Haig Point Entities to issue or sell or otherwise transfer shares of capital stock of the Haig Point Entities or any securities convertible into or exchangeable for any shares of capital stock of the Haig Point Entities, (ii) obligations of any of the Haig Point Entities to repurchase, redeem or otherwise acquire any outstanding securities of any of the Haig Point Entities or to make any investment (in the form of a loan, capital contribution or otherwise) in any other Person or (iii) voting trusts, proxies, or other agreements or understandings with respect to the voting of the capital stock of the Haig Point Entities.

Section 3.06 Financial Statements. Set forth on Schedule 3.06 are (a) the unaudited balance sheet of HPUC as of December 31, 2006 and the related unaudited statement of income for the 12-month period then ended, and (b) the unaudited balance sheet of HPMWTC as of December 31, 2006 and the related unaudited statement of income for the 12-month period then ended (collectively, the "**Financial Statements**"). The Financial Statements were prepared from

the books of account and other financial records of the applicable Haig Point Entity, and fairly present, in all material respects, the financial position and results of operations of the applicable Haig Point Entity as of the dates thereof and for the period covered thereby, subject to normal year-end adjustments and except for the absence of footnote disclosure.

Section 3.07 Litigation. Except as disclosed in Schedule 3.07, there is no action, suit, investigation or proceeding pending against or, to the Knowledge of Seller, threatened against or affecting Seller or any of the Haig Point Entities or any of their respective properties before any arbitrator or Governmental Authority that would have, individually or in the aggregate, a Material Adverse Effect.

Section 3.08 Compliance with Laws and Court Orders. To the Knowledge of Seller, except as disclosed in Schedule 3.08, none of the Haig Point Entities is in violation of any applicable law, rule, regulation, judgment, injunction, order, decree or Permit, except for violations that do not have, individually or in the aggregate, a Material Adverse Effect.

Section 3.09 Certain Properties. Except as disclosed in Schedule 3.09, the Haig Point Entities have good title to, or in the case of any leased property and assets, have valid leasehold interests in, all property and assets (whether personal, tangible or intangible, but excluding Real Property which is addressed separately in Section 3.13) normally used in connection with the Business, except where the failure to have such good title or valid leasehold interests would not have, either individually or in the aggregate, a Material Adverse Effect. None of such property or assets is subject to any Lien other than Permitted Encumbrances.

Section 3.10 Employees. Schedule 3.10 sets forth a true and complete list of the titles and annual salaries of all employees of the Haig Point Entities.

Section 3.11 Employee Benefit Plans.

(a) Schedule 3.11(a) lists each Employee Plan. True and complete copies of all material Employee Plans and all amendments thereto have been made available to Buyer or its representatives.

(b) Each Employee Plan has been administered in accordance with its terms and in substantial compliance with applicable law (including, where applicable, ERISA and the Code), except where the failure to so administer such Employee Plan would not have, individually or in the aggregate, a Material Adverse Effect.

(c) There are no pending or, to the Knowledge of Seller, threatened claims (other than routine claims for benefits) by, on behalf of or against any Employee Plan, except those claims that would not have, individually or in the aggregate, a Material Adverse Effect.

Section 3.12 Environmental Matters. To the Knowledge of Seller, except as set forth in Schedule 3.12:

(a) Each of the Haig Point Entities is in material compliance with all Environmental Laws applicable to it in the conduct of the Business, except for any non-

compliance which would not, individually or in the aggregate, have a Material Adverse Effect;

(b) There has been no Release (except for Releases in accordance with Environmental Permits) of any Hazardous Substances at any of the Real Property, the condition of which remains uncured, and which requires remedial action pursuant to any Environmental Laws, except for Releases that would not, individually or in the aggregate, have a Material Adverse Effect; and

(c) Within the last twelve (12) months, no Haig Point Entity has received written notice of, and no Haig Point Entity is the subject of, any actions, causes of action, claims, investigations, demands or notices by any Person alleging liability under or noncompliance with any Environmental Law relating to the Real Property or the Business that would, individually or in the aggregate, have a Material Adverse Effect.

Section 3.13 Real Property.

(a) The applicable Haig Point Entity has fee simple title to its Real Property(ies) listed in Schedule 3.13(a), free and clear of all Liens other than Permitted Encumbrances.

(b) The Real Property constitutes all of the real property owned, leased or occupied in connection with the Business. Except as disclosed in Schedule 3.13(b), there are no parties in possession or parties having any right to occupy any of the Real Property. Except as disclosed in Schedule 3.13(b), there are no outstanding agreements, options, rights of first offer or rights of first refusal to purchase any of the Real Property. To the Knowledge of Seller, there is no pending or threatened condemnation proceeding affecting any Real Property that is material to the Business.

Section 3.14 Taxation. To the Knowledge of Seller and except as set forth in Schedule 3.14, (a) all Tax returns, statements, reports and forms (collectively, the “**Returns**”) that are material and required to be filed with any Taxing Authority on or before the Closing Date with respect to any Pre-Closing Tax Period by, or with respect to, any Haig Point Entity have been, or will be, timely filed on or before the Closing Date, (b) the Haig Point Entities have timely paid all Taxes shown as due and payable on the Returns that have been filed, (c) the Returns that have been filed are true, correct and complete in all material respects at the time such Returns were filed, (d) there is no action, suit, proceeding, investigation, audit or claim now proposed or pending against or with respect to any of the Returns the unfavorable resolution of which would have, individually or in the aggregate, a Material Adverse Effect and (e) none of the assets of the Haig Point Entities are “tax-exempt use property” within the meaning of Section 168(h) of the Code or are required to be treated as “tax-exempt bond financed property” within the meaning of Section 168 of the Code.

Section 3.15 Brokers. There is no investment banker, broker, finder or other intermediary which has been retained by, or authorized to act on behalf of, Seller or any of its respective Affiliates who is entitled to any fee or commission in connection with the consummation of the transactions contemplated by this Agreement.

Section 3.16 No Material Adverse Effect. Since the date of the Financial Statements, there has not been any Material Adverse Effect, and no event has occurred or circumstance exists that is reasonably likely to result in a Material Adverse Effect.

Section 3.17 Personal Property. Schedule 3.17 sets forth a true and complete list of the material tangible personal property owned by the Haig Point Entities and used by the Haig Point Entities to operate the Business.

Section 3.18 Contracts. Schedule 3.18 sets forth a true and complete list of the material contracts to which the Haig Point Entities or any one of them is a party. Except as set forth on Schedule 3.18, each such contract is in full force and effect and has not been modified or amended in any way.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

Section 4.01 Existence and Power. Buyer is duly organized, validly existing and in good standing under the laws of the State of South Carolina and has all organizational powers required to carry on its business as now conducted.

Section 4.02 Authorization. The execution, delivery and performance by Buyer of this Agreement and the Escrow Agreement and the consummation of the transactions contemplated hereby and thereby are within the organizational powers of Buyer and have been duly authorized by all necessary organizational action on the part of Buyer. Assuming the valid execution and delivery by all counterparties thereto, each of this Agreement and the Escrow Agreement constitutes a valid and binding agreement of Buyer, in each case enforceable against Buyer in accordance with its respective terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and other laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.03 Governmental Authorization. The execution, delivery and performance by Buyer of this Agreement and the Escrow Agreement and the consummation of the transactions contemplated hereby and thereby require no action by or in respect of, or filing with, any Governmental Authority, other than (a) compliance with any Utility & Water Laws and (b) any such action or filing as to which the failure to make or obtain would not adversely affect the ability of, or timing for, Buyer to consummate the transactions contemplated by this Agreement or the Escrow Agreement.

Section 4.04 Noncontravention. The execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby do not and will not, violate the organizational documents of Buyer.

Section 4.05 Availability of Funds. Buyer and its Affiliates have available sufficient cash in immediately available funds to pay the Purchase Price and all costs, fees and expenses necessary to consummate the transactions contemplated by this Agreement and the Escrow Agreement.

Section 4.06 Solvency. As of the Closing, assuming satisfaction or, if permissible, waiver of the conditions of this Agreement, and after giving effect to the transactions contemplated by this Agreement, including the payment of the Purchase Price and all costs, fees and expenses necessary to consummate the transactions contemplated by this Agreement and the Escrow Agreement, Buyer will be Solvent.

Section 4.07 Purchase for Investment. Buyer is purchasing the Interests for investment for its own account and not with a view to, or for sale in connection with, any distribution thereof. Buyer (alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of Buyer's investment in the Interests and Buyer is capable of bearing the economic risks of such investment.

Section 4.08 Inspections; No Other Representations. Buyer is an informed and sophisticated purchaser who has engaged expert advisors, experienced in the evaluation and purchase of companies such as the Haig Point Entities as contemplated hereunder. Buyer has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement and the Escrow Agreement. Buyer acknowledges that Seller has given its complete and open access to the key employees, documents and facilities of the Haig Point Entities. Buyer will undertake prior to Closing such further investigation and request such additional documents and information as it deems necessary. Buyer agrees to accept the Interests, the Business and the Haig Point Entities in the condition they are in on the Closing Date based upon its own inspection, examination and determination with respect thereto as to all matters and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Seller, except as expressly set forth in Article III hereof. Without limiting the generality of the foregoing, Buyer acknowledges that Seller makes no representation or warranty with respect to (a) any projections, estimates or budgets delivered to or made available to Buyer of future revenues, future results of operations, future cash flows or future financial condition (or, in each case, any component thereof) of the Haig Point Entities or the future business and operations of the Haig Point Entities or (b) any other information or documents made available to Buyer or its counsel, accountants or advisors with respect to the Haig Point Entities or their respective businesses or operations, except as expressly set forth in the representations and warranties of Seller in Article III hereof.

Section 4.09 Brokers. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Buyer or any of its respective Affiliates who is entitled to any fee or commission in connection with the consummation of the transactions contemplated by this Agreement.

ARTICLE V COVENANTS OF SELLER

Section 5.01 Conduct of the Haig Point Entities. During the period from the Effective Date until the Closing, except as set forth in Schedule 5.01 or as contemplated by this Agreement or consented to by Buyer (which consent shall not be unreasonably withheld or delayed), Seller

shall use commercially reasonable efforts to cause each of the Haig Point Entities to conduct its businesses in the ordinary course of business consistent with past practices.

Section 5.02 Access to Information.

(a) Between the Effective Date and the Closing Date, Seller shall, and shall cause the Haig Point Entities to, subject to applicable law and any applicable restrictions as to confidentiality, (i) give Buyer and its authorized representatives reasonable access to books, records, offices and other facilities and properties of the Haig Point Entities as Buyer may reasonably request, (ii) permit Buyer and its authorized representatives to make such inspections thereof as Buyer may reasonably request (except that Buyer and its representatives shall specifically be prohibited from conducting any environmental testing at any property of the Haig Point Entities), and (iii) furnish Buyer and its authorized representatives with such existing financial and operating data and other information with respect to the Haig Point Entities as Buyer may from time to time reasonably request; *provided, however*, that (A) any such access shall be provided after reasonable notice during normal business hours under the supervision of Seller's designated personnel or representatives and in such a manner as to not interfere unreasonably with the operations of the Business or the other businesses of Seller or its Affiliates, (B) neither Seller, the Haig Point Entities nor any of their Affiliates shall be required to furnish or make available such books, records or data to the extent that they are subject to a legal privilege that, in the good faith judgment of Seller, may be lost or impaired by virtue of such disclosure and (C) none of Seller, the Haig Point Entities or any of their Affiliates shall be required to provide to Buyer access to or copies of any documents or to disclose any information from individual personnel records with respect to any employee or Affected Employee, other than name, service dates, current base compensation, accrued but unused vacation, and the amount of deductibles or co-payment amounts for applicable benefits. In an effort to prevent any interference or disruption caused by such access, Seller may, at its sole discretion, reasonably limit the number of individuals and the number of visits to facilities. Buyer shall coordinate all such access with an employee or representative of Seller who will be identified to Buyer promptly after the execution of this Agreement, and shall not directly or indirectly contact any other employee of Seller, the Haig Point Entities or any of their Affiliates without the prior approval of such designated employee or representative.

(b) Subject to applicable law and any applicable restrictions as to confidentiality, any books and records relating to the Haig Point Entities that are not delivered to Buyer hereunder shall be preserved by Seller in accordance with the document retention policy of Seller as in effect on the Effective Date (including any legal holds placed on books and records relating to litigated matters) and will be made available (for review and copying) to Buyer and its authorized representatives following the Closing at Buyer's expense upon reasonable notice during normal business hours, and in a manner as to not unreasonably interfere with Seller's business to the extent reasonably required by Buyer, except (i) to the extent that such books and records are subject to a legal privilege that, in the good faith judgment of Seller, may be lost or impaired by virtue of such disclosure or (ii) for any Returns.

Section 5.03 Notices of Certain Events. Between the Effective Date and the Closing Date, Seller shall promptly notify Buyer of:

- (a) any notice delivered to Seller, its Affiliates or the Haig Point Entities from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;
- (b) any notice delivered to Seller, its Affiliates or the Haig Point Entities from any Governmental Authority in connection with the transactions contemplated by this Agreement; and
- (c) any actions, suits, claims, investigations or proceedings commenced relating to Seller, its Affiliates or any of the Haig Point Entities that, if pending on the Effective Date, would have been required to have been disclosed pursuant to Section 3.07.

Section 5.04 FIRPTA Certificate; Owner's Affidavit. On or prior to the Closing Date, Seller shall deliver to Buyer (a) a certificate of Seller's non-foreign status which complies with the requirements of Section 1445 of the Code and (b) an owner's affidavit in the form attached hereto as Exhibit A.

Section 5.05 Intercompany Accounts. Prior to the Closing, Seller shall settle intercompany accounts payable and accounts receivable, other than intercompany payables or receivables that will be settled following the Closing in the ordinary course of business consistent with past practice. Seller shall determine the method by which such intercompany accounts are eliminated including by means of setoff, settlement or capital contribution.

Section 5.06 Supplemental Disclosure. Seller shall have the right from time to time prior to Closing to supplement or amend the Disclosure Schedules with respect to any matter required to be set forth or described in such Disclosure Schedules; *provided, however*, that if the matter giving rise to such supplement or amendment to the Disclosure Schedules has a Material Adverse Effect, Buyer shall have the right, within five (5) days of receipt by Buyer of such supplemental or amended disclosure, to terminate this Agreement pursuant to Section 12.01(e) hereof by written notice to Seller.

Section 5.07 Accounts Payable; Accounts Receivable. Prior to the expiration of the Initial Review Period, Seller shall deliver to Buyer a schedule of the accounts receivable and accounts payable for the Haig Point Entities. Such schedule shall be true and complete as of the date noted thereon.

Section 5.08 Right of First Refusal. On the Effective Date, Seller shall request that Melrose waive its right of first refusal set forth in the Stockholders Agreement.

ARTICLE VI COVENANTS OF BUYER

Section 6.01 Confidentiality; Access.

(a) All information concerning the Haig Point Entities that is furnished or provided to (or is developed or is based upon, in whole or in part, any such information that was furnished or provided to) Buyer, its Affiliates or any of their respective officers, directors, employees, accountants, counsel, consultants, advisors, agents or other representatives (whether furnished before or after the Effective Date, pursuant to Section 5.02, Section 5.03 or otherwise) shall be held subject to the Confidentiality Agreement. If this Agreement is terminated, Buyer and its Affiliates will, and will cause their respective officers, directors, employees, accountants, counsel, consultants, advisors, agents or other representatives to, destroy or deliver to Seller all documents and other materials, and all copies thereof, obtained by Buyer or its Affiliates or on their behalf from Seller or its Affiliates (or which was developed or based upon, in whole or in part, any such information) in connection with this Agreement and the Escrow Agreement.

(b) Buyer shall preserve and make available (for review and copying) to Seller and its authorized representatives following the Closing upon reasonable notice during normal business hours the records transferred by Seller in accordance with the document retention policy of the Haig Point Entities as in effect on the Effective Date (including any legal holds placed on books and records relating to litigated matters) and, with respect to records that may be relevant to any actual Tax audits or proceedings, such additional period as is reasonably required by Seller; *provided, however*, that Buyer shall notify Seller prior to destroying any such record during such period. Buyer shall permit, to the extent permitted by law, Seller, and any of its agents, representatives, advisors and consultants, to have reasonable access to the employees of the Haig Point Entities for information relating to periods up to and including the Closing that is reasonably requested by Seller, subject to the same types of conditions and limitations as set forth in Section 5.02(a).

(c) From and after the Closing, Buyer shall, and shall cause each of its Affiliates and the Haig Point Entities to, keep confidential and not use for any purpose all nonpublic information regarding Seller or its Affiliates (other than the Haig Point Entities) of which Buyer, its Subsidiaries, the Haig Point Entities or the Affected Employees may be aware. Buyer will cause each of the Haig Point Entities, on and after the Closing Date, to afford promptly Seller and their agents reasonable access to the properties, books, records, employees and auditors of the Haig Point Entities to the extent necessary to permit Seller to determine any matter relating to its rights and obligations hereunder or to any period ending on or before the Closing Date; *provided* that any such access by Seller and its agents shall not unreasonably interfere with the conduct of the business of Buyer. Seller will hold, and will use its best efforts to, cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information concerning any of the Haig Point Entities provided to it pursuant to this Section 6.01.

Section 6.02 Certain Transactions.

(a) Buyer shall not, and shall not permit any of its Affiliates to, acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets if the entering into of a definitive agreement relating to or the consummation of such acquisition, merger or consolidation would reasonably be expected to (i) impose any material delay in the obtaining of, or significantly increase the risk of not obtaining, any authorizations, consents, orders, declarations or approvals of any Governmental Authority necessary to consummate the transactions contemplated by this Agreement, including the Required Approvals, (ii) significantly increase the risk of any Governmental Authority entering an order prohibiting the consummation of the transactions contemplated by this Agreement, (iii) significantly increase the risk of not being able to remove any such order on appeal or otherwise or (iv) materially delay or prevent the consummation of the transactions contemplated by this Agreement.

(b) Prior to Closing, Buyer shall not, and shall not permit any of its Affiliates to, agree to divest or otherwise dispose of, or cause the divestiture or disposition of, any of the assets of or equity in, or by any other manner, the Business, except as set forth in Section 7.02 hereof.

Section 6.03 Communications with Customers and Suppliers. Prior to the Closing, Buyer shall not, and shall cause its Affiliates and representatives not to, contact, or engage in any discussions or otherwise communicate with, any of the Haig Point Entities' customers, suppliers and others with whom the Haig Point Entities have material commercial dealings without obtaining the prior written consent of Seller (which may be given at Seller's sole discretion and, if given, conditioned on Seller or an Affiliate of Seller having the right to participate in any meetings or discussion with any such customers, suppliers or others).

Section 6.04 Sufficient Available Funds. Prior to the expiration of the Initial Review Period, Buyer shall provide Seller with evidence reasonably satisfactory to Seller that Buyer has sufficient cash in immediately available funds to complete the transactions contemplated by this Agreement, including the payment of the Purchase Price at the Closing.

Section 6.05 Release of Guarantees. Prior to the Closing, Buyer shall use its reasonable best efforts to either (a) arrange for substitute letters of credit, guarantees and other obligations on commercially reasonable terms to replace in all respects the indemnities, performance bonds, performance guarantees, other guaranty obligations, letters of credit and other similar arrangements of Seller or its Affiliates (collectively, the "**Released Parties**") in favor of any third parties with respect to obligations of the Haig Point Entities (collectively, "**Guarantees**") or (b) assume all obligations under each such Guarantee, obtaining from the creditor or other counterparty a full release of the Released Parties. To the Knowledge of Seller, Schedule 6.05 contains a true and accurate list of such Guarantees. Following the Closing, Buyer shall continue to use their reasonable best efforts to terminate, or cause Buyer or one of its Affiliates to be substituted in all respects for the Released Parties in respect of, all obligations of the Released

Parties under any such Guarantees. Buyer shall, to the extent the beneficiary or counterparty under any Guarantee refuses to accept such a substitute letter of credit, guarantee or other obligation, (i) obtain a back-up letter of credit on behalf of Seller, (ii) indemnify and hold harmless the Released Parties for any Seller Damages arising from such Guarantees that relate to events or circumstances arising after the Closing, and (iii) not permit any of the Haig Point Entities to renew or extend the term of or increase its obligations under, or transfer to another third party, any loan, lease, contract or other obligation for which any Released Party is or would reasonably be expected to be liable under such Guarantee. To the extent that any Released Party has performance obligations under any such Guarantee, Buyer shall use its reasonable best efforts to (i) perform such obligations on behalf of such Released Party or (ii) otherwise take such action as reasonably requested by Seller so as to put such Released Party in the same position as if Buyer, and not such Released Party, had performed or was performing such obligations.

ARTICLE VII COVENANTS OF BUYER AND SELLER

Section 7.01 Reasonable Best Efforts.

(a) Upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its reasonable best efforts to take, or cause to be taken, all appropriate actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement and the Escrow Agreement as promptly as practicable including (i) the preparation and filing of all forms, registrations and notices required to be filed to consummate the transactions contemplated by this Agreement and the Escrow Agreement and the taking of such actions as are necessary to obtain any requisite approvals, consents, orders, exemptions or waivers by any third party or Governmental Authority, including submission of a request that Melrose waive its right of first refusal set forth in the Stockholders Agreement, and (ii) using its reasonable best efforts to cause the satisfaction of all conditions to Closing. Each Party shall promptly consult with the other with respect to, provide any necessary information with respect to, and provide copies of all filings made by such Party with any Governmental Authority or any other information supplied by such Party to a Governmental Authority in connection with this Agreement and the Escrow Agreement and the transactions contemplated hereby.

(b) Each Party shall promptly inform the other of any communication from any Governmental Authority regarding any of the transactions contemplated by this Agreement. If any Party or Affiliate thereof receives a request for additional information or documentary material from any such Governmental Authority with respect to the transactions contemplated by this Agreement, then such Party shall use its reasonable best efforts to make, or cause to be made, as soon as practicable and after consultation with the other Party, an appropriate response in compliance with such request.

Section 7.02 Regulatory Consents and Approvals.

(a) Without limiting the generality of the undertakings set forth in Section 7.01, Buyer shall use its reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary under all Utility & Water Laws to consummate and make effective the transactions contemplated by this Agreement, including furnishing all information required by applicable law in connection with approvals of or filings with any Governmental Authorities.

(b) In furtherance of the covenants in Section 7.02(a), prior to the expiration of the Initial Review Period, Buyer shall deliver all applications, petitions, modification requests, requests for approval, notifications, or other documentation required to obtain the approvals and Permits necessary to complete the acquisition of the Haig Point Entities and the other transactions contemplated by this Agreement (collectively, the “**Required Approvals**”) to the South Carolina Public Service Commission (“**SCPSC**”) and the South Carolina Department of Health and Environmental Control (“**SCDHEC**”) and any other applicable Governmental Authority. Thereafter, Buyer shall use its reasonable best efforts to provide any additional information or data required or requested by any Governmental Authority in order to process and review said applications, petitions, modification requests, requests for approval, notifications, or other documentation necessary to complete the transactions contemplated herein, and shall provide copies of all such documents to Seller at such time as it is provided to the Governmental Authority.

(c) In connection with its efforts to obtain all Required Approvals, Buyer shall (i) promptly inform Seller of any communication received by Buyer, its Affiliates or representatives from, or proposed to be given by Buyer, its Affiliates or representatives to, any Governmental Authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, (ii) permit Seller a reasonable opportunity to review and comment upon all filings and submissions to any Governmental Authorities or other Persons regarding the transactions contemplated hereby prior to submitting such filings or submissions, and (iii) promptly inform Seller of the timing and content of any communications with any Governmental Authority or, in connection with any proceeding by a private party, with any other Person, and to the extent permitted by such Governmental Authority or other Person, give Seller the opportunity to attend and participate in such meetings and conferences.

(d) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Utility & Water Laws or if any objection, intervention, suit or proceeding is instituted or threatened by any Governmental Authority or any private Party challenging any of the transactions contemplated by this Agreement as violative of any Utility & Water Laws, Buyer shall use its best efforts to promptly resolve such issues. In furtherance of the foregoing, Buyer shall, and shall cause its Affiliates to, take all action, including agreeing to hold separate or to divest any of the businesses or properties or assets of Buyer or any of its Affiliates (including the Interests) and to terminate any existing relationships and contractual rights and obligations, as may be required (i) by the applicable Governmental Authority in order to resolve such objections as such

Governmental Authority may have to such transactions under any Utility & Water Laws, or (ii) by any court or other tribunal, in any action or proceeding brought by a private party or Governmental Authority challenging such transactions as violative of any Utility & Water Laws, in order to avoid the entry of, or to effect the dissolution, vacating, lifting, altering or reversal of, any order that has the effect of restricting, preventing or prohibiting the consummation of the transactions contemplated by this Agreement. In addition, Buyer shall, and shall cause its Affiliates to, vigorously defend any action or proceeding brought by a private Party or Governmental Authority challenging the transactions contemplated hereby as violative of any Utility & Water Laws, in order to avoid the entry of, or to effect the dissolution, vacating, lifting, altering or reversal of, any order that has the effect of restricting, preventing or prohibiting the consummation of the transactions contemplated by this Agreement (including by pursuing any available appeal process).

Section 7.03 Further Assurances. The Parties shall cooperate and use their respective reasonable best efforts to execute any additional documents necessary to effect the transfer of the Interests in the applicable jurisdictions. In addition, on and after the Closing Date, Seller and Buyer shall cooperate and use their respective reasonable best efforts to take or cause to be taken all appropriate actions and do, or cause to be done, all things necessary or appropriate to consummate and make effective the transactions contemplated hereby, including the execution of any additional documents or instruments of any kind, the obtaining of consents which may be reasonably necessary or appropriate to carry out any of the provisions hereof and the taking of all such other actions as such Party may reasonably be requested to take by another Party hereto from time to time, consistent with the terms of this Agreement and the Escrow Agreement, in order to effectuate the provisions and purposes of this Agreement and the Escrow Agreement and the transactions contemplated hereby and thereby. Notwithstanding the foregoing, neither Seller or its Affiliates shall be obligated to make any payments or otherwise pay any consideration to any third party to obtain any applicable consent, waiver or approval.

Section 7.04 Public Announcements. Neither Seller nor Buyer shall issue any press release or otherwise make any public announcement with respect to this Agreement and the transactions contemplated hereby without the prior consent of the other (which consent shall not be unreasonably withheld, conditioned or delayed), except as may be required by applicable law or stock exchange regulation.

Section 7.05 IP Marks. Nothing herein shall convey or be deemed to convey to Buyer any right, title or interest in or to any trademarks or service marks owned by Seller or its Affiliates, including the INTERNATIONAL PAPER mark and any variations thereof (collectively, the “**IP Marks**”). From and after the Closing, neither Buyer, the Haig Point Entities nor any of their Affiliates will have any rights to use the IP Marks.

Section 7.06 Distributions. The Parties agree that Seller shall have the right, at or prior to the Closing, to cause the Haig Point Entities to distribute all cash held by the Haig Point Entities to Seller or its Affiliates by one or more cash dividends, repurchase of existing stock and/or other distributions. No adjustment shall be made to the Purchase Price as a result of any such dividends, repurchases or other distributions paid to Seller or its Affiliates.

Section 7.07 No Ongoing or Transition Services. At the Closing, all data processing, accounting, insurance, banking, personnel, legal, communications and other services provided to the Haig Pointe Entities by Seller or any Affiliate of Seller, including any agreements or understandings (written or oral) with respect thereto, will terminate.

ARTICLE VIII TAX MATTERS

Section 8.01 Tax Covenants.

(a) Buyer covenants that it will not cause or permit any Haig Point Entity or any Affiliate of Buyer to (i) take any action other than in the ordinary course of business, including the distribution of any dividend or the effectuation of any redemption, that could give rise to any Tax liability or reduce any Tax Asset of Seller or the Seller Group or give rise to any loss of Seller or the Seller Group under this Agreement, (ii) make any election or deemed election under Section 338 of the Code without the consent of Seller or (iii) make or change any Tax election, amend any Return or take any Tax position on any Return, take any action, omit to take any action or enter into any transaction, merger or restructuring that results in any increased Tax liability or reduction of any Tax Asset of Seller or the Seller Group in respect of any Pre-Closing Tax Period.

(b) Notwithstanding the provisions of Section 8.04(a), Buyer agrees that neither Seller nor any of its Affiliates is to have any liability for any Tax resulting from any breach of the obligations set forth in Section 8.01(a), and Buyer agrees to indemnify and hold harmless Seller and its Affiliates against any such Tax (together with any interest, penalty, addition to Tax or additional amount) and any liabilities, costs, expenses (including reasonable expenses of investigation and attorney's fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any such Tax.

(c) Seller shall file, or cause to be filed, all Federal Tax and Combined Tax returns required to be filed after the Closing Date with respect to HPUC for any Pre-Closing Tax Period on or before the date that any such filing is due (taking into account any extension of a required filing date). With respect to any Straddle Period Return, upon the written request of Seller setting forth in reasonable detail the computation of the amount owed, Buyer shall pay to Seller, no later than ten (10) days prior to the due date for the applicable Return, the amount of Taxes due with respect to such Straddle Period that relate to the period beginning the day after the Closing Date. Buyer's Tax liability for a Straddle Period under the preceding sentence shall be determined on the basis of an interim closing of the books, except for any Taxes imposed on a periodic basis (e.g., property Taxes), which shall be apportioned on a pro rata per diem basis.

(d) Seller shall include HPUC in its consolidated Federal Tax return, and Seller shall include the Haig Point Entities in any applicable Combined Tax Return, as required by applicable Tax law, through the close of business on the Closing Date.

(e) Buyer shall promptly pay or cause to be paid to Seller all refunds of Taxes and interest thereon received by Buyer, any Affiliate of Buyer or any Haig Point Entity attributable to Taxes paid by Seller or any Haig Point Entity (or any predecessor or Affiliate of Seller or a Haig Point Entity) with respect to any Pre-Closing Tax Period; *provided* that Buyer shall pay to Seller any such Tax refunds paid by or on behalf of HPMWTC only up to Seller's ownership percentage of HPMWTC immediately prior to Closing and Buyer shall pay the balance of such HPMWTC refunds to Melrose.

(f) All transfer, documentary, property, value added, sales, use, stamp, registration and other similar Taxes and fees (including any penalties and interest and any Taxes imposed by way of withholding) incurred in connection with the transactions contemplated by this Agreement (including any real property transfer Tax and any similar Tax) (collectively, "**Transfer Taxes**") shall be borne and paid by Buyer, and Buyer will, at its own expense, file all necessary Returns and other documentation with respect to all such Taxes and fees, and, if required by applicable law, Seller will, and will cause its Affiliates to, join in the execution of any such Returns and other documentation. Seller shall not be responsible for any increased assessments resulting from the transactions contemplated hereby.

Section 8.02 Tax Sharing.

(a) Any and all existing Tax sharing agreements between any Haig Point Entity and any member of the Seller Group shall be terminated as of the Closing Date. After such date neither any of the Haig Point Entities, Seller nor any Affiliate of Seller shall have any further rights or liabilities thereunder. This Agreement shall be the sole Tax sharing agreement relating to any Haig Point Entity for all Pre-Closing Tax Periods.

(b) Immediately prior to the Closing, each Haig Point Entity shall pay to Seller an amount estimated by Seller to be equal to the Federal Tax liability and Combined Tax liability of such Haig Point Entity with respect to all Pre-Closing Tax Periods for which no Return has yet been filed.

Section 8.03 Cooperation on Tax Matters. Buyer and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information (including access to books and records) and assistance relating to the Haig Point Entities as is reasonably necessary for the filing of any Return (including any report required pursuant to Section 6043 of the Code and all Treasury Regulations promulgated thereunder), for the preparation for any audit, and for the prosecution or defense of any claim, suit or proceeding relating to any proposed adjustment. Buyer and Seller agree to retain or cause to be retained all books and records pertinent to the Haig Point Entities until the applicable period for assessment under applicable law (giving effect to any and all extensions or waivers) has expired, and to abide by or cause the abidance with all record retention agreements entered into with any Taxing Authority. Buyer agrees to give Seller reasonable notice prior to transferring, discarding or destroying any such books and records relating to Tax matters and, if Seller so requests, Buyer shall allow Seller to take possession of such books and records. Buyer and Seller shall cooperate with each other in the conduct of any audit or other proceedings involving any Haig Point Entity for any Tax

purposes and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 8.03.

Section 8.04 Section 338(h)(10) Election

(a) Seller and Buyer shall jointly make and file an election under section 338(h)(10) of the Code (and any comparable provisions of state, local or foreign Tax law) with respect to the purchase of the Interests issued by HPUC and, as soon as practicable after the Closing, Seller and Buyer shall mutually prepare a Form 8023 (or successor form), with all attachments, with respect to such purchase. Buyer and the Seller shall cooperate with each other to take all actions necessary and appropriate (including filing such additional forms, returns, elections, schedules and other documents as may be required) to effect and preserve such election in accordance with the provisions of Treasury Regulations section 1.338(h)(10)-1 (or any comparable provisions of state, local or foreign Tax law) or any successor provisions.

(b) In connection with such election, on or prior to the date that is ninety (90) days prior to the last date for filing any of the elections that are required to be filed pursuant to this Section 8.04, Seller shall provide to Buyer a proposed determination of (i) the "Aggregate Deemed Sale Price," within the meaning of, and in accordance with, Treasury Regulations section 1.338-4 (the "ADSP"), of HPUC, (ii) the "Adjusted Grossed-Up Basis," within the meaning of, and in accordance with, Treasury Regulation section 1.338-5 (the "AGUB"), of the assets of HPUC, (iii) the allocation of the ADSP and the AGUB among the assets of HPUC (in accordance with Treasury Regulations sections 1.338-6 and 1.338-7). Within thirty (30) days following receipt thereof, Buyer shall have the right to object to any such determination or allocation. If Buyer objects to any such determination or allocation, the Parties shall attempt to resolve such dispute between them. If the Parties are unable to reach an agreement within thirty (30) days thereafter, then the Parties shall submit all such disputed items for resolution to a nationally recognized accounting firm mutually acceptable to Seller and Buyer, whose decision shall be final and binding upon all persons involved and whose fees and expenses shall be borne equally by the Parties. Seller and Buyer shall (i) be bound by each such determination and allocation for purposes of determining any Taxes, (ii) prepare and file their Returns on a basis consistent with each such determination and allocation, and (iii) take no position inconsistent with each such determination and allocation on any applicable Return or in any proceeding before any Taxing Authority except to the extent required by a Final Determination. In the event that any of such determinations and allocations is disputed by any Taxing Authority, the Party receiving notice of the dispute shall promptly notify the other Party of the dispute.

Section 8.05 Indemnification

(a) If the Closing occurs, Seller shall indemnify Buyer against and agrees to hold it harmless from any (i) Federal Tax of HPUC relating to a Pre-Closing Tax Period, (ii) Combined Tax of any Haig Point Entity included on the applicable Combined Tax Return of Seller and (iii) Tax liability imposed on any Haig Point Entity pursuant to Treasury Regulations Section 1.1502-6 or any similar provision of foreign, state or local

law by reason of such Haig Point Entity ever having been a member of any consolidated, combined or unitary group of which Seller or any Affiliate of Seller is a member on or prior to the Closing Date (the sum of (i), (ii) and (iii) being referred to as a “**Loss**”); *provided, however*, that (A) Seller shall be obligated to make payments to Buyer pursuant to this Section 8.05(a) only to the extent that the cumulative amount that would otherwise be payable by Seller pursuant to this Section 8.05(a) (notwithstanding this proviso) exceeds the aggregate amount of the provisions for Federal Tax liabilities (in the case of HPUC) and Combined Tax liabilities (in the case of the Haig Point Entities) reflected in any financial statement of any Haig Point Entity and (B) Buyer shall not be entitled to indemnification for any Loss pursuant to this Section 8.05(a) to the extent that a Tax Asset attributable to a Pre-Closing Tax Period of a Haig Point Entity is available to offset or reduce such Loss.

(b) If the Closing occurs, Buyer shall indemnify Seller against and agrees to hold it harmless from any Tax imposed with respect to the Haig Point Entities for any Post-Closing Tax Period.

(c) If the indemnification obligation of Seller or Buyer under this Section 8.05 arises in respect of an adjustment which makes allowable to either Buyer or Seller, any of their Affiliates or, effective upon the Closing, any Haig Point Entity any deduction, amortization, exclusion from income or other allowance (a “**Tax Benefit**”) which would not, but for such adjustment, be allowable, then any indemnification under this Section 8.05 shall be in an amount equal to (x) the amount otherwise due but for this Section 8.05(c), minus (y) the present value of the Tax Benefit multiplied by the Tax rate applicable to the highest level of income with respect to such Tax or, in the case of a credit, by one hundred percent (100%). The present value referred to in the preceding sentence shall be determined using a discount rate equal to the mid-term applicable federal rate in effect at the time the relevant adjustment is made and assuming that the Tax Benefit will be used at the earliest date or dates allowable by applicable law.

(d) Seller shall not be liable under this Section 8.05 for any Tax the payment of which was made without Seller’s prior written consent.

ARTICLE IX EMPLOYEES

Section 9.01 Employees and Employee Benefits.

(a) Employment. Immediately following the Closing, Buyer shall, or shall cause the Haig Point Entities to continue to employ all of the persons who are full-time or part-time employees of any of the Haig Point Entities and are employed immediately prior to the Closing Date, including any such employee who is on short-term disability leave or any approved leave of absence immediately prior to the Closing Date (collectively, the employees described above are referred to as the “**Affected Employees**”). As to each Affected Employee whose terms and conditions of employment are not governed by a collective bargaining agreement immediately prior to the Closing Date such employment or offer of employment, as the case may be, shall (i)

be on terms no less favorable in the aggregate (including with respect to position, duties, responsibilities, compensation and incentives) than those provided to such Affected Employee immediately prior to the Closing, (ii) provide for such Affected Employee to continue working at the same work location at which such Affected Employee customarily provided services prior to the Closing, and (iii) provide a base rate of pay or salary not less than the rate in effect for such Affected Employee immediately prior to the Closing Date. Each such Affected Employee who continues such employment shall be referred to herein as a “**Continuing Employee**”. Buyer shall assume the employment contract of any Affected Employee who has an employment contract with Seller, any of its Affiliates or any Haig Point Entity.

(b) Substantially Equivalent Benefits. For a twelve (12) month period following the Closing, Buyer shall provide, or shall cause the Haig Point Entities to provide, each Continuing Employee with benefits that are at least substantially equivalent in the aggregate to the benefits provided to each such Continuing Employee immediately prior to the Closing; *provided* that Buyer, in providing such substantially equivalent benefits, shall not be required to provide or maintain any particular plan or benefit that was provided to or maintained for Continuing Employees prior to the Closing.

(c) Service Credit; Deductibles and Pre-Existing Conditions. Buyer agrees that, for purposes of all Buyer Plans in which the Affected Employees may participate following the Closing, credit will be given to the Affected Employees for any prior service with the Haig Point Entities, Seller or Seller’s Affiliates prior to the Closing; *provided* that such crediting of service does not result in duplication of benefits; *provided, further,* that such crediting of service need not be given for benefit accrual purposes under any Buyer Plan that is a “defined benefit plan”, as defined in Section 3(35) of ERISA. The Affected Employees shall also be given credit for any deductible or co-payment amounts paid in respect of the plan year in which the Closing occurs, to the extent that, following the Closing, they participate in any Buyer Plan for which deductibles or co-payments are required. Buyer shall also cause each Buyer Plan to waive any pre-existing condition, restriction or any waiting period limitation to the extent such exclusions, restrictions or limitations would be waived or have been satisfied under the terms of any Employee Plan immediately prior to the Closing.

Section 9.02 Severance Pay. In the event that any Continuing Employee who participates in Seller’s employee severance plan (the “**ESP**”) immediately prior to the Closing is discharged by Buyer or any Haig Point Entity within twelve (12) months after the Closing Date (other than for “cause” or because of such Continuing Employee’s voluntary termination or retirement), then Buyer shall treat (or cause the Haig Point Entities to treat) such Continuing Employee in accordance with the provisions of the ESP and the ESP Benefits Exhibit, as referenced in Schedule 9.02. Buyer shall be responsible for the described severance and six (6) months medical and dental continuation coverage at no cost to such Continuing Employee (but not outplacement services and the post-employment Employee Assistance Program). Buyer shall maintain (or cause Haig Point Entities to maintain) the described severance and benefits program for at least twelve (12) months after the Closing Date.

Section 9.03 Vacation. As of the Closing, Buyer shall assume, or shall cause the Haig Point Entities to assume, all obligations of Seller, Haig Point Entities and any Affiliate of Seller to Affected Employees for any accrued vacation entitlement and vacation pay entitlement. Subject to applicable law, none of the Haig Point Entities, Seller nor Seller's Affiliates shall have any obligation to make any payment to Affected Employees after the Closing with respect to any such accrued vacation entitlement and vacation pay entitlement. Buyer will give the Affected Employees full credit for their respective service with the Haig Point Entities, Seller and Seller's Affiliates prior to the Closing Date for purposes of entitlement and accrual of vacation and vacation pay from and after the Closing Date.

Section 9.04 No Right of Employment. Nothing contained herein, expressed or implied, is intended to confer upon any Affected Employee any right to continued employment by Buyer, any Haig Point Entity or Seller or their respective Affiliates for any period by reason of this Agreement, except as required by applicable law. Nothing contained herein is intended to confer upon any Affected Employee any particular term or condition of employment other than as expressly specified in this Agreement.

Section 9.05 Indemnification.

(a) If the Closing occurs, Buyer shall indemnify Seller, its Affiliates and their respective officers, directors, employees, affiliates and agents and the fiduciaries (including plan administrators) of any Employee Plans against and agrees to hold each of them harmless from any and all damages and other liabilities and obligations relating to or arising out of (i) all salaries, commissions and vacation entitlement accrued but unpaid as of the Closing and post-Closing bonuses due to any Affected Employee, (ii) the liabilities assumed by Buyer under this Article IX (other than benefits accrued by Affected Employees prior to the Closing Date which are provided by Buyer's retirement plans) or any failure by Buyer to comply with the provisions of this Article IX, and (iii) any claims of, or damages or penalties brought by, any Affected Employee, or any Governmental Authority on behalf of or concerning any Affected Employee, with respect to any act or failure to act by Buyer or its Affiliates to the extent arising from the employment, discharge, layoff or termination of any Affected Employee who becomes an employee of Buyer or its Affiliates (or remains employed by a Haig Point Entity) on and after the Closing Date.

(b) If the Closing occurs, Seller shall indemnify Buyer, its Affiliates and their respective officers, directors, employees, affiliates and agents and the fiduciaries (including plan administrators) of any Buyer Plans against and agrees to hold each of them harmless from any and all damages and other liabilities and obligations relating to or arising out of (i) any failure by Seller to comply with the provisions of this Article IX, and (ii) any claims of, or damages or penalties brought by, any Affected Employee, or any Governmental Authority on behalf of or concerning any Affected Employee, with respect to any act or failure to act by Seller or its Affiliates to the extent arising from the employment, discharge, layoff or termination of any Affected Employee prior to the Closing Date.

Section 9.06 Subsequent Terminations or Lay-offs; WARN Act Compliance. Buyer shall be responsible and assume all liability for all notices or payments due to any Affected Employee, and all notices, payments, assessments due to any Governmental Authority, pursuant to any applicable federal, state, local or foreign law, common law, statute, rule or regulation with respect to the employment, discharge or layoff of employees by Buyer or any Haig Point Entity after the Closing, including the Worker Adjustment and Retraining Notification Act of 1988, as amended, and the rules or regulations promulgated thereunder (the “**WARN Act**”). For a period of ninety (90) days immediately following the Closing, Buyer shall not cause or permit any Affected Employee to suffer an “employment loss” (as defined under the WARN Act) if such employment loss would trigger the requirements of, or any liability under, the WARN Act or any similar state, local or foreign law when aggregated with any “employment losses” experienced prior to the Closing by employees of the Haig Point Entities and employees of Seller or any Affiliate of Seller who were employed primarily in connection with the Business.

ARTICLE X CONDITIONS TO CLOSING

Section 10.01 Conditions to Obligations of Buyer and Seller. The obligations of Buyer and Seller to consummate the Closing are subject to the satisfaction of the following conditions:

- (a) SCPSC, SCDHEC and all other applicable Governmental Authorities shall have granted the Required Approvals;
- (b) Any applicable waiting, notice, or review period (and any extension thereto) under any Utility & Water Laws relating to the transactions contemplated hereby, which by its terms is required to have expired or been terminated prior to the Closing, shall have expired or been terminated; and
- (c) No provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of the Closing.

Section 10.02 Conditions to Obligation of Buyer. The obligation of Buyer to effect the transactions contemplated by this Agreement shall further be subject to the satisfaction at or prior to the Closing of the following conditions, which are for the benefit of Buyer only and may be waived only by Buyer at or prior to the Closing in its sole discretion:

- (a) all representations and warranties of Seller in this Agreement (without taking into account any materiality or Material Adverse Effect qualification therein) shall be true and correct as of the Closing Date with the same effect as though such representations and warranties had been made as of the Closing Date (except for representations and warranties that speak as of a specific date or time, which shall be true and correct only as of such date or time), except (i) for changes specifically contemplated or permitted by this Agreement, and (ii) where such failure to be so true and correct would not have, individually or in the aggregate, a Material Adverse Effect as of the Closing Date;

(b) Seller has in all material respects performed and complied with all of its covenants, undertakings and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing;

(c) Seller shall have delivered to Buyer a certificate as to the satisfaction of the conditions set forth in Sections 10.02(a) and (b), dated as of the Closing and executed by an officer of Seller;

(d) Buyer shall have received the resignations, effective as of the Closing, of each director and officer of the Haig Point Entities who will not be a Continuing Employee;

(e) Seller shall have delivered, or caused to be delivered, to Buyer the stock certificates representing the Interests and accompanying stock powers evidencing the transfer of such stock certificates to Buyer;

(f) Seller shall have delivered, or caused to be delivered, to Buyer a certificate by the Secretary or any Assistant Secretary of Seller, dated the Closing Date,
(i) certifying the effectiveness of any board or shareholder resolutions of Seller adopted in connection with this Agreement and transactions contemplated hereby, and
(ii) attaching true, correct and complete copies of Seller's articles of incorporation and bylaws; and

(g) Seller shall have delivered, or caused to be delivered, to Buyer (i) a Certificate of Tax Compliance from the South Carolina Department of Revenue for each Haig Point Entity and (ii) a certificate of existence from the South Carolina Secretary of State for each Haig Point Entity.

Section 10.03 Conditions to Obligation of Seller. The obligation of Seller to effect the transactions contemplated by this Agreement shall be further subject to the satisfaction at or prior to the Closing of the following conditions, which are for the benefit of Seller only and may be waived only by Seller at or prior to the Closing in its sole discretion:

(a) all representations and warranties of Buyer in this Agreement (without taking into account any materiality qualification therein) shall be true and correct as of the Closing Date with the same effect as though such representations and warranties had been made as of the Closing Date (except for representations and warranties that speak as of a specific date or time, which shall be true and correct only as of such date or time), except (i) for changes specifically contemplated or permitted by this Agreement and (ii) where such failure to be so true and correct, individually or in the aggregate, would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby as of the Closing Date;

(b) Buyer shall have in all material respects performed and complied with all of its respective covenants, undertakings and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing;

(c) Buyer shall have delivered to Seller a certificate as to the satisfaction of the conditions set forth in Sections 10.03(a) and (b), dated as of the Closing and executed by an officer of Buyer;

(d) The right of first refusal granted to Melrose in the Stockholders Agreement shall have expired or Melrose has waived its rights thereunder;

(e) Buyer shall have delivered, or caused to be delivered, to Seller the Purchase Price;

(f) Buyer shall have delivered, or caused to be delivered, to Seller a certificate by the Secretary of Buyer, dated the Closing Date, (i) certifying the effectiveness of any member or manager resolutions of Buyer adopted in connection with this Agreement and transactions contemplated hereby, and (ii) attaching true, correct and complete copies of Buyer's articles of organization and operating agreement; and

(g) Buyer shall have delivered, or caused to be delivered, to Seller (i) a Certificate of Tax Compliance from the South Carolina Department of Revenue for Buyer and its Affiliates and (ii) a certificate of existence from the South Carolina Secretary of State for Buyer.

ARTICLE XI SURVIVAL; INDEMNIFICATION

Section 11.01 Survival. All representations and warranties made in this Agreement shall survive the Closing hereunder for a period of one (1) year after the Closing Date, except for representations and warranties contained in Section 3.01 (Existence and Power), Section 3.02 (Authorization), Section 3.05 (Capitalization), Section 3.14 (Taxation), Section 4.01 (Buyer's Existence and Power) and Section 4.02 (Buyer's Authorization), which shall survive for the applicable statute of limitations (such time period, the "**Indemnity Period**"). The Parties intend to shorten the applicable statute(s) of limitations and agree that no claims or causes of action may be brought against Seller, Buyer or any of their respective directors, officers, employees, Affiliates, controlling persons, agents or representatives based upon, directly or indirectly, any of the representations and warranties contained in this Agreement after the Indemnity Period or, except as provided in Section 12.02, any termination of this Agreement. For purposes of this Article XI, the provisions of Section 5.01 shall be treated as a representation and warranty. This Section 11.01 shall not limit any covenant or agreement of the Parties that contemplates performance after the Closing.

Section 11.02 Seller's Agreement to Indemnify.

(a) If the Closing occurs, subject to the terms of this Article XI, from and after the Closing, Seller shall indemnify and hold harmless Buyer and its Affiliates (each, a "**Buyer Indemnified Party**") from and against all out of pocket liabilities, claims, assessments losses, judgments, settlements, damages, costs and expenses (including reasonable attorneys' fees and expenses) (collectively, the "**Buyer Damages**") incurred by a Buyer Indemnified Party as a result of or arising out of (i) a breach of any

representation or warranty contained in Article III of this Agreement (in each case when made) or (ii) a breach in any material respect of any agreement or covenant of Seller in this Agreement (other than agreements and covenants relating to Employee Matters and Taxes, which shall be governed by Section 9.09(b) and Section 8.04). Buyer agrees that, except as contemplated by the immediately preceding sentence, from and after the Closing, the indemnification provided in this Section 11.02 is the exclusive remedy for a breach by Seller of any representation, warranty, agreement or covenant contained in this Agreement.

(b) Seller's obligations to indemnify a Buyer Indemnified Party pursuant to Sections 11.02 hereof are subject to the following limitations:

(i) No indemnification shall be made by Seller with respect to any claim ("**Buyer Claim**") unless (a) the aggregate amount of Buyer Damages incurred by the Buyer Indemnified Parties with respect to such Buyer Claim exceeds Five Thousand Dollars (\$5,000) (the "**Minimum Claim Amount**") and (b) the aggregate amount of Buyer Damages, under all Buyer Claims that exceed the Minimum Claim Amount, exceeds an amount equal to Seventy-Five Thousand Dollars (\$75,000) (the "**Basket Amount**") and, in such event, indemnification shall be made by Seller only for the amount by which such Buyer Damages exceed, in the aggregate, the Basket Amount;

(ii) In no event shall Seller's aggregate obligation to indemnify the Buyer Indemnified Parties exceed an amount equal to thirty percent (30%) of the Purchase Price (the "**Cap**");

(iii) In calculating amounts payable to a Buyer Indemnified Party, the amount of any indemnified Buyer Damages shall be determined without duplication of any other Buyer Damages for which a Buyer Claim has been made or could be made under any other representation, warranty, covenant, or agreement included herein;

(iv) The amount of any Buyer Damages shall be reduced by any amount actually received by a Buyer Indemnified Party with respect thereto under any insurance coverage or from any other Party alleged to be responsible therefor. If a Buyer Indemnified Party makes a claim for indemnification under Section 11.02, such Buyer Indemnified Party shall use its reasonable best efforts to collect any amounts available under such insurance coverage and from such other Party alleged to have responsibility. If a Buyer Indemnified Party receives an amount under insurance coverage or from such other Party with respect to Buyer Damages at any time subsequent to any indemnification provided by Seller pursuant to Section 11.02, then such Buyer Indemnified Party shall promptly reimburse Seller for any payment made or expense incurred by Seller in connection with providing such indemnification up to such amount received by a Buyer Indemnified Party, but net of any expenses incurred by such Buyer Indemnified Party in collecting such amount. To the extent Seller makes any indemnification payment pursuant to Section 11.02 in respect of Buyer Damages

for which a Buyer Indemnified Party has a right to recover against a third party (including an insurance company), Seller shall be subrogated to the right of the Buyer Indemnified Party to seek and obtain recovery from such third party; *provided, however*, that if Seller shall be prohibited from such subrogation, the Buyer Indemnified Party shall seek recovery from such third party on Seller's behalf and pay any such recovery to Seller;

(v) Seller shall be obligated to indemnify, subject to the terms and conditions of this Article XI, a Buyer Indemnified Party for breach of representation or warranty only for those Buyer Claims as to which the Buyer Indemnified Party has given Seller written notice prior to the end of the Indemnity Period;

(vi) Any written notice delivered by a Buyer Indemnified Party to Seller seeking indemnification pursuant to this Agreement with respect to Buyer Damages shall set forth, with as much specificity as is reasonably practicable, the basis of the claim for Buyer Damages, the sections of this Agreement which form the basis for the claim, copies of all material written materials relating to such claim and, to the extent reasonably practicable, a reasonable estimate of the amount of the Buyer Damages that have been or may be sustained by the Buyer Indemnified Party;

(vii) Any indemnity amounts payable by Seller to or on behalf of a Buyer Indemnified Party pursuant to this Agreement (including any indemnity payment made under this Article XI) shall be reduced by any Tax Benefit arising from the claim, loss or damage for which the indemnity is being paid;

(viii) If on the Closing Date, a Buyer Indemnified Party knows of any information that would cause one or more of the representations and warranties made by Seller to be inaccurate as of the date made or as of the Closing Date, Buyer shall have no right or remedy after the Closing with respect to such inaccuracy and shall be deemed to have waived its rights to indemnification in respect thereof;

(ix) Notwithstanding any other provision of this Agreement, in no event shall a Buyer Indemnified Party be entitled to indemnification pursuant to this Agreement to the extent any Buyer Damages were attributable to gross negligence or willful misconduct of a Buyer Indemnified Party; and

(x) Notwithstanding any other provision of this Agreement, neither the Basket Amount nor the Cap shall apply with respect to any Buyer Claim for Buyer Damages arising out of fraud by Seller in connection with this Agreement.

Section 11.03 Buyer's Agreement to Indemnify.

(a) If the Closing occurs, subject to the terms of this Article XI, from and after the Closing, Buyer shall indemnify and hold harmless Seller and its Affiliates (each, a "**Seller Indemnified Party**") from and against all out of pocket liabilities, claims,

assessments, losses, judgments, settlements, damages, costs and expenses (including reasonable attorneys' fees and expenses) (collectively, the "**Seller Damages**") incurred by a Seller Indemnified Party as a result of or arising out of (i) a breach of any representation or warranty contained in Article IV of this Agreement (in each case when made), (ii) a breach in any material respect of any agreement or covenant of Buyer contained herein (other than agreements and covenants relating to Employee Matters and Taxes, which shall be governed exclusively by Section 9.09 and Section 8.04) or (iii) the use, operation or ownership of the Business after the Closing. Seller agrees that, except as contemplated by the immediately preceding sentence, from and after the Closing, the indemnification provided in this Section 11.03 is the exclusive remedy for a breach by Buyer of any representation, warranty, agreement or covenant contained in this Agreement.

(b) Buyer's obligations to indemnify a Seller Indemnified Party pursuant to Section 11.03 are subject to the following limitations (for the avoidance of doubt, such limitations shall not apply to Buyer's indemnification obligations pursuant to Sections 9.9 and 8.04):

(i) No indemnification shall be made by Buyer with respect to any claim ("**Seller Claim**") unless (a) the aggregate amount of Seller Damages incurred by the Seller Indemnified Parties with respect to such Seller Claim exceeds the Minimum Claim Amount and (b) the aggregate amount of Seller Damages, under all Seller Claims that exceed the Minimum Claim Amount, exceeds the Basket Amount and, in such event, indemnification shall be made by Buyer only for the amount by which such Seller Damages exceed, in the aggregate, the Basket Amount;

(ii) In no event shall Buyer's aggregate obligation to indemnify the Seller Indemnified Parties exceed an amount equal to the Cap;

(iii) In calculating amounts payable to a Seller Indemnified Party, the amount of any indemnified Seller Damages shall be determined without duplication of any other Seller Damages for which a Seller Claim has been made or could be made under any other representation, warranty, covenant, or agreement included herein;

(iv) The amount of any Seller Damages shall be reduced by any amount actually received by a Seller Indemnified Party with respect thereto under any third party insurance coverage or from any other Party alleged to be responsible therefor. If a Seller Indemnified Party makes a claim for indemnification under Section 11.03, such Seller Indemnified Party shall use its reasonable best efforts to collect any amounts available under such insurance coverage and from such other Party alleged to have responsibility. If a Seller Indemnified Party receives an amount under insurance coverage or from such other Party with respect to Seller Damages at any time subsequent to any indemnification provided by Buyer pursuant to Section 11.03, then such Seller Indemnified Party shall promptly reimburse Buyer for any payment made or

expense incurred by Buyer in connection with providing such indemnification up to such amount received by a Seller Indemnified Party, but net of any expenses incurred by such Seller Indemnified Party in collecting such amount. To the extent Buyer makes any indemnification payment pursuant to Sections 11.03 in respect of Seller Damages for which a Seller Indemnified Party has a right to recover against a third party (including an insurance company), Buyer shall be subrogated to the right of the Seller Indemnified Party to seek and obtain recovery from such third party; *provided, however*, that if Buyer shall be prohibited from such subrogation, the Seller Indemnified Party shall seek recovery from such third party on Buyer's behalf and pay any such recovery to Buyer;

(v) Buyer shall be obligated to indemnify, subject to the terms and conditions of this Article XI, a Seller Indemnified Party for breach of representation or warranty only for those Seller Claims as to which the Seller Indemnified Party has given Buyer written notice prior to the end of the Indemnity Period;

(vi) Any written notice delivered by a Seller Indemnified Party to Buyer seeking indemnification pursuant to this Agreement with respect to Seller Damages shall set forth, with as much specificity as is reasonably practicable, the basis of the claim for Seller Damages, the sections of this Agreement which form the basis for the claim, copies of all material written materials relating to such claim and, to the extent reasonably practicable, a reasonable estimate of the amount of the Seller Damages that have been or may be sustained by the Seller Indemnified Party;

(vii) Any indemnity amounts payable by Buyer to or on behalf of a Seller Indemnified Party pursuant to this Agreement (including any indemnity payment made under this Article XI) shall be reduced by any Tax Benefit arising from the claim, loss or damage for which the indemnity is being paid;

(viii) If on the Closing Date, a Seller Indemnified Party knows of any information that would cause one or more of the representations and warranties made by Buyer to be inaccurate as of the date made or as of the Closing Date, Seller shall have no right or remedy after the Closing with respect to such inaccuracy and shall be deemed to have waived its rights to indemnification in respect thereof; and

(ix) Notwithstanding any other provision of this Agreement, in no event shall a Seller Indemnified Party be entitled to indemnification pursuant to this Agreement to the extent any Seller Damages were attributable to gross negligence or willful misconduct of a Seller Indemnified Party.

(x) Notwithstanding any other provision of this Agreement, neither the Basket Amount nor the Cap shall apply with respect to any Seller Claim for Seller Damages arising out of fraud by Buyer in connection with this Agreement.

Section 11.04 Third Party Indemnification. The obligations of any indemnifying Party to indemnify any indemnified Party under this Article XI with respect to Buyer Damages or Seller Damages, as the case may be, resulting from the assertion of liability by third parties (including Governmental Authorities) (a "**Claim**"), shall be subject to the following terms and conditions:

(a) Any Party against whom any Claim is asserted shall give the Party that may be required to provide indemnity hereunder written notice of any such Claim promptly after learning of such Claim (with such notice satisfying the requirements of Section 11.02(b)(vi) or 11.03(b)(vi), as the case may be), and the recipient of the Claim notice (the "**Notified Party**") may at its option undertake the defense thereof by representatives of its own choosing and shall provide written notice of any such undertaking to the party that provided the Claim notice (the "**Notifying Party**"). Failure to give prompt written notice of a Claim hereunder shall not affect the Notified Party's obligations under this Article XI, except to the extent that the Notified Party is actually prejudiced by such failure to give prompt written notice. The Notifying Party shall, and shall cause its employees and representatives to, cooperate with the Notified Party in connection with the settlement or defense of such Claim and shall provide the Notified Party with all available information and documents concerning such Claim. If the Notified Party, within thirty (30) days after written notice of any such Claim, fails to assume the defense of such Claim, the Notifying Party shall (upon further written notice to the Notified Party) have the right to undertake the defense, compromise or settlement of such Claim, subject to the right of the Notified Party to assume the defense of such Claim at any time prior to settlement, compromise or final determination thereof upon written notice to the Notifying Party.

(b) Anything in this Section 11.04 to the contrary notwithstanding, (i) the indemnified party shall not settle a claim for which it is indemnified without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld, conditioned or delayed and (ii) the indemnifying party shall not enter into any settlement or compromise of any action, suit or proceeding, or consent to the entry of any judgment for relief other than monetary damages to be borne by the indemnifying party, without the prior written consent of the indemnified party, which consent shall not be unreasonably withheld, conditioned or delayed.

ARTICLE XII TERMINATION

Section 12.01 Termination. This Agreement may be terminated at any time at or prior to the Closing by:

- (a) mutual written consent of Seller and Buyer;
- (b) either the Seller or Buyer, upon written notice to the other, if the Closing shall not have occurred on or prior to December 20, 2007 (the "**Termination Date**"); *provided, however*, that if (i) the Closing has not occurred on or prior to the Termination Date by reason of nonsatisfaction of any of the conditions set forth in Section 10.01(a), (ii)

neither Seller nor Buyer has received any indication from any Governmental Authority that any of the Required Approvals may not be granted or may not be granted within a reasonable period of time, and (iii) all conditions set forth in Section 10.03 have heretofore been satisfied or are then capable of being satisfied, then Seller may elect to either (A) terminate this Agreement and return the Deposit to Buyer, or (B) extend the Termination Date to February 29, 2008 (*provided* that at Buyer's request and with the consent of Seller which shall not be unreasonably withheld, the Termination Date may be further extended to March 31, 2008); *provided, further*, that the right to terminate this Agreement under this Section 12.01(b) shall not be available to any Party whose failure to fulfill in any material respect any obligation under this Agreement has caused or resulted in the failure of the Closing to occur on or before the Termination Date, whether or not such date has been so extended;

(c) either Seller or Buyer, upon written notice to the other, if any court of competent jurisdiction or other competent Governmental Authority shall have issued a statute, rule, regulation, order, decree or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such statute, rule, regulation, order, decree or injunction or other action shall have become final and non-appealable, unless the failure to consummate the Closing because of such action by a Governmental Authority shall be due to the failure of the Party seeking to terminate this Agreement to have fulfilled any of its obligations under Sections 7.01 and 7.02; or

(d) Buyer, within five (5) days following receipt of any supplement or amendment to the Disclosure Schedules, by written notice to Seller, if the matter which gives rise to such supplement or amendment has a Material Adverse Effect.

Section 12.02 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 12.01 hereof, (i) this Agreement (except for Section 6.01, this Section 12.02 and Article XIII) shall forthwith become void and have no effect, without any liability on the part of any Party hereto or its Affiliates and (ii) all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, shall be withdrawn from the Governmental Authority or other Person to which they were made or appropriately amended to reflect the termination of the transactions contemplated hereby; *provided, however*, that nothing contained in this Section 12.02 shall relieve any Party from liability for any intentional or willful breach of this Agreement.

ARTICLE XIII MISCELLANEOUS

Section 13.01 Remedies

(a) Notwithstanding any other provision of this Agreement, the representations and warranties contained in Sections 3.11, 3.12 and 3.13 are the sole and exclusive representations and warranties of Seller relating to, and shall be the sole and exclusive basis for any claim by Buyer in relation to, employee benefit matters, environmental matters and real property matters, respectively.

(b) NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, INCLUDING ARTICLE XI, IN NO EVENT SHALL BUYER OR SELLER BE LIABLE FOR, OR BEAR ANY OBLIGATION IN RESPECT OF, ANY PUNITIVE, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES OF ANY KIND OR CHARACTER OR ANY DAMAGES RELATING TO, OR ARISING OUT OF, DIMINUTION IN VALUE, LOST PROFITS, OR LIMITATIONS OR RESTRICTIONS ON BUSINESS PRACTICES.

Section 13.02 Notices. All notices, requests and other communications to any Party hereunder shall be in writing (including facsimile transmission) and shall be given (a) by personal delivery to the appropriate address as set forth below (or at such other address for the Party as shall have been previously specified in writing to the other Party), (b) by reliable overnight courier service (with confirmation) to the appropriate address as set forth below (or at such other address for the Party as shall have been previously specified in writing to the other Party), or (c) by facsimile transmission (with confirmation) to the appropriate facsimile number set forth below (or at such other facsimile number for the Party as shall have been previously specified in writing to the other Party) with follow-up copy by reliable overnight courier service the next Business Day:

(a) if to Buyer, to:

CK Materials, LLC
10 Liberty Street
Edison, New Jersey 08837
Attention: Mr. Jamie J. Karabinchak
Facsimile: (732) 738-7149

with a copy to:

Novit & Scarminach, P.A.
The Jade Building, Suite 400
52 New Orleans Road
Post Office Drawer 14
Hilton Head, SC 29938
Attention: Charles A. Scarminach
Facsimile: (843) 785-2090

and

(b) if to Seller, to:

Haig Point, Inc.
c/o International Paper Company
6400 Poplar Avenue
Memphis, TN 38197
Attention: General Counsel
Facsimile: (901) 214-1248

with a copy to:

Parker Poe Adams & Bernstein LLP
200 Meeting Street, Suite 301
Charleston, SC 29401
Attention: James S. Bruce
Facsimile: (843) 727-2680

and

Pratt-Thomas Walker, PA
16 Charlotte Street
Charleston, SC 29403
Attention: Laura Johnson Evans
Facsimile: (843) 805-6531

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. (Eastern Time) and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day.

Section 13.03 Extensions, Waivers and Amendments. At any time prior to the Closing, each of the Parties hereto may (a) extend the time for the performance of any of the obligations or acts of the other Party hereto, (b) waive any inaccuracies in the representations and warranties of the other Party contained herein or in any document delivered pursuant hereto, (c) waive compliance with any of the agreements of the other Party contained herein or (d) waive any condition to its obligations hereunder. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such Party. No failure or delay in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise of any right, power or privilege hereunder. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by an authorized officer of each Party.

Section 13.04 Headings. The table of contents and the article, section, paragraph and other headings contained in this Agreement are inserted for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 13.05 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

Section 13.06 Entire Agreement. This Agreement, the Escrow Agreement, the Exhibits hereto, the Disclosure Schedules hereto, and the Confidentiality Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede and cancel all prior agreements, negotiations, correspondence, undertakings, understandings and communications of the Parties, oral and written, with respect to the subject matter hereof.

Section 13.07 Governing Law. THIS AGREEMENT, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF SOUTH CAROLINA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OR CHOICE OF LAWS OR ANY OTHER LAW THAT WOULD MAKE THE LAWS OF ANY OTHER JURISDICTION OTHER THAN THE STATE OF SOUTH CAROLINA APPLICABLE HERETO.

Section 13.08 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION, CLAIM, SUIT, LITIGATION OR OTHER PROCEEDING BETWEEN THE PARTIES HERETO IN ANY COURT.

Section 13.09 Assignment. This Agreement may not be assigned by any Party without the prior written consent of the other Party; provided, however, that this Agreement may be assigned by Buyer with the prior written consent of Seller, such consent not to be unreasonably withheld, to any Affiliate of Buyer.

Section 13.10 Fees and Expenses. Whether or not the transactions contemplated by this Agreement are consummated, each Party shall bear its own fees and expenses incurred in connection with the transactions contemplated by this Agreement, except for Transfer Taxes which shall be paid by Buyer.

Section 13.11 Binding Nature; Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors (whether by operation of law or otherwise) and permitted assigns. Except as set forth in Section 6.06, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or Persons any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 13.12 Severability. This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of this Agreement or of any other term hereof, which shall remain in full force and effect, for so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. The Parties hereby acknowledge and agree that the covenants set forth in Section 7.05 are reasonable in scope and in all other respects. If it is ever held that any restriction hereunder is too broad to permit

enforcement of such restriction to its fullest extent, each Party agrees that such restriction may be enforced to the maximum extent permitted by law, and each Party hereby consents and agrees that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction.

Section 13.13 No Right of Setoff. Neither Party nor any Affiliate thereof may deduct from, set off, holdback or otherwise reduce in any manner whatsoever any amount owed to it hereunder or pursuant to the Escrow Agreement against any amounts owed hereunder or pursuant to the Escrow Agreement by such Persons to the other Party or any of such other Party's Affiliates.

Section 13.14 Specific Performance. The Parties agree that irreparable damage would occur in the event that any provision of this Agreement was not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 13.15 Construction.

(a) Information disclosed in any Disclosure Schedule shall be deemed to be disclosed with respect to such other sections of this Agreement which would reasonably pertain in light of the form and substance of the disclosure made. The inclusion of information in any Disclosure Schedule shall not be construed as an admission or indication (i) that such information is material, that it could have a Material Adverse Effect or that such information is required to be referred to or disclosed in such Disclosure Schedule, or (ii) that any referenced agreement or document is enforceable or currently in effect or that there are any obligations remaining to be performed or any rights that may be exercised under such agreement or document. No information in the Disclosure Schedules relating to any possible breach or violation of any agreement, law or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. Matters reflected in the Disclosure Schedules are not necessarily limited to matters required by the Agreement to be reflected in the Disclosure Schedules. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. In no event shall the inclusion of any such matter in the Disclosure Schedules be deemed or interpreted to broaden the Seller's representations, warranties, covenants or agreements contained in this Agreement. The attachments to the Disclosure Schedules are an integral part of the Disclosure Schedules and are incorporated by reference for all purposes as if set forth fully therein.

(b) The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement.

(c) As used in this Agreement, all references to Seller shall refer to Seller solely in connection with the conduct of the Business.

(d) For the purposes hereof, (i) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other genders as the context requires, (ii) the words “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including the Disclosure Schedules and the Exhibits attached hereto) and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, and exhibits and schedules of this Agreement unless otherwise specified, (iii) the words “including” and words of similar import when used in this Agreement means “including, without limitation” unless otherwise specified, (iv) the word “or” shall not be exclusive, (v) Buyer and Seller will be referred to herein individually as a “Party” and collectively as “Parties” (except where the context otherwise requires) and (vi) the phrase “transactions contemplated by this Agreement” or “transactions contemplated herein” shall include the transactions contemplated by the Exhibits and Disclosure Schedules to this Agreement.

(e) Any reference to any federal, state, local or non-U.S. statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context otherwise requires.

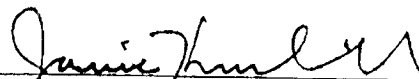
Section 13.16 Schedules and Exhibits. All Schedules and Exhibits hereto, including any attachments, are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Stock Purchase Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

BUYER:

CK MATERIALS, LLC

By: 
Name: Jamie Karachinichak
Title: Managing Member

SELLER:

HAIG POINT, INC.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Parties have caused this Stock Purchase Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

BUYER:

CK MATERIALS, LLC

By: _____
Name:
Title:

SELLER:

HAIG POINT, INC.

By: Thomas F Connor
Name: THOMAS F. CONNOR
Title: VICE PRESIDENT, TREASURER
AND SECRETARY

EXHIBIT A

Form of Owner's Affidavit

STATE OF _____)
COUNTY OF _____)

OWNER'S AFFIDAVIT

PERSONALLY APPEARED before me, the undersigned attesting officer, _____, who being duly sworn according to law, deposes and says on oath as follows:

- (a) That he is an officer of _____, a _____ corporation (the "Corporation"), and is authorized and empowered to make and does make this affidavit on behalf of the Corporation; that the averments herein are likewise made as though for and by the Corporation; that the Corporation is the owner of certain real property lying and being in _____ County, _____, a legal description of which is set forth in Exhibit A attached hereto and made a part hereof;
- (b) That to the best of his knowledge there are no parties in possession other than (i) as shown in the public records of _____ County, _____, (ii) as may relate to an interest in minerals, or (iii) as shown on a boundary survey (the "Survey") recorded in Plat Book _____, Page _____, office of the Register of Deeds of _____ County, _____;
- (c) That to the best of his knowledge there are no disputes concerning the boundaries of said real property except as may be shown on the Survey;
- (d) That to the best of his knowledge there has been no violation of any restriction which may have been imposed upon said real property either by a predecessor in title, governmental authority, or any other person whomsoever;
- (e) That the Corporation has made no improvements or repairs to said real property during the three months immediately preceding the date of this affidavit; and there are no unpaid bills of any nature, including, but not limited to, those that are due for the services of any architects, engineers or surveyors or for labor or materials for any recent work, improvements, or repairs that may have been done to said real property due and owing by the Corporation;
- (f) That to the best of his knowledge there are no liens against said real property for any past due assessments for paving, sidewalk, curbing, sewer or any other street improvements of any kind; and
- (g) That to the best of his knowledge there are no suits, judgments, bankruptcies, or executions pending in any court that could in any way affect the title to said real property, or constitute a lien thereon, and that the Corporation is not a surety on any bond wherein, through a default of the principal thereof, a lien would be created against said real property.

Dated this _____ day of _____, 2007.

Name:

Sworn to and subscribed
before me, this _____ day of
_____, 2007.

Notary Public

My commission expires:

(Notarial Seal)

DISCLOSURE SCHEDULES

**DELIVERED IN CONNECTION WITH THE
STOCK PURCHASE AGREEMENT
BY AND BETWEEN
HAIG POINT, INC. AND CK MATERIALS, LLC**

October 26, 2007

These Disclosure Schedules are being furnished by Haig Point, Inc. in connection with the execution and delivery of that certain Stock Purchase Agreement (the "Agreement") by and between Haig Point, Inc. ("Seller") and CK Materials, LLC ("Buyer"). Unless context otherwise requires, all capitalized terms used in these Schedules shall have the respective meanings ascribed to them in the Agreement.

Information disclosed in any Schedule shall be deemed to be disclosed with respect to such other sections of the Agreement which would reasonably pertain in light of the form and substance of the disclosure made. The inclusion of information in any Schedule shall not be construed as an admission or indication (i) that such information is material, that it could have a Material Adverse Effect or that such information is required to be referred to or disclosed in such Schedule, or (ii) that any referenced agreement or document is enforceable or currently in effect or that there are any obligations remaining to be performed or any rights that may be exercised under such agreement or document. No information in these Disclosure Schedules relating to any possible breach or violation of any agreement, law or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. Matters reflected in these Disclosure Schedules are not necessarily limited to matters required by the Agreement to be reflected in these Disclosure Schedules. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. In no event shall the inclusion of any such matter in these Disclosure Schedules be deemed or interpreted to broaden the Seller's representations, warranties, covenants or agreements contained in the Agreement.

The attachments to these Disclosure Schedules are an integral part of these Disclosure Schedules and are incorporated by reference for all purposes as if set forth fully herein. These Disclosure Schedules supersede and replace any other schedules previously provided to Buyer.

* * * * *

Schedule 2.02

1. Preliminary Purchase Price Allocation

The preliminary purchase price allocation based on the unaudited financial statements as of December 31, 2006 is as follows:

\$ _____ - Haig Point Utility Company, Inc.
\$ _____ - Haig point / Melrose Wastewater Treatment Company, Inc.
- Total Purchase Price

2. Preliminary Allocation of Purchase Price to Assets of Haig Point Utility Company, Inc. Based on Unaudited Balance Sheet of December 31, 2006

(To Be Adjusted to After Closing to Reflect Closing Date Balances of Haig Point Utility Company, Inc. With Respect to Assets Acquired and Liabilities Assumed)

Class I	Cash & cash equivalents	NONE
Class II	Actively traded personal property, certificates of deposit, and foreign currency	NONE
Class III	Marked-to-market assets and debt instruments (including accounts receivable)	\$
Class IV	Inventory for sale to customers	NONE
Class V	Assets not covered in Classes I-IV, VI, and VII (including land, plant, property and equipment, construction in progress)	\$
Class VI	Intangible assets other than goodwill and going concern value	NONE
Class VII	Goodwill and going concern value	NONE
Total		\$

Schedule 3.03
Governmental Authorizations

1. **With regard to HPUC, the following Governmental Authorizations are necessary:**

- a. South Carolina Public Service Commission/Office of Regulatory Services.
Pursuant to South Carolina Regulations 103-504 and 103-704, the Seller and Buyer must obtain from the South Carolina Public Service Commission “a certificate that the sale, transfer, or acquisition is in the public interest, or that public convenience and necessity require or will require construction or operation of any utility system, or extension” for both the water and sewer operations. The petition and subsequent proceedings are governed by South Carolina Regulations 103-800, *et. seq.*, Practice and Procedure before the Public Service Commission, and by applicable South Carolina laws and regulations.
- b. South Carolina Department of Health and Environmental Control.
The Seller and Buyer must complete an Application for Transfer of Operating Permit for a Public Water System, which Application must approved by the Department of Health and Environmental Control’s Bureau of Water. The Seller and Buyer must complete any and all actions requested by the South Carolina Department of Health and Environmental Control to transfer any applicable operating, groundwater withdrawal, or any other current Environmental Permit or license to operate or construct applicable to any HPUC service, equipment, wells, storage tanks, or other items necessary to provide water and sewer services.

2. **With regard to HPMWTC, the following Governmental Authorizations are necessary:**

- a. South Carolina Department of Health and Environmental Control.
The Seller and Buyer may have to complete certain paperwork required by the South Carolina Department of Health and Environmental Control to indicate the change in ownership percentages of the permittee under HPMWWT’s discharge permit, ND0062286, and/or any other operating or other current Environmental Permit or license to operate applicable to any HPMWTC service, equipment, or other items necessary to provide wastewater treatment services.

3. **With regard to the Haig Point Entities the following Governmental Authorizations are necessary:**

Any currently held state, county, or local business licenses may be required to be transferred or reissued by the applicable governmental authority.

Schedule 3.04

Noncontravention

1. Stockholders Agreement between Haig Point / Melrose Wastewater Treatment, Inc., International Paper Realty Corporation of South Carolina, and The Melrose Group Limited
2. Settlement Agreement between Haig Point, Inc. and Doug Corkern, et al., Case No. 2001-CP-07-803 in the Court of Common Pleas for the Fourteenth Circuit, May 25, 2005

Schedule 3.05(a)

Ownership of Haig Point Entities

Name of Company	Jurisdiction of Incorporation	Authorized Shares	Issued Shares	% of issued shares held by Haig Point Inc.
Haig Point Utility Company, Inc.	South Carolina	1,000	1,000	100%
Haig Point/Melrose Wastewater Treatment Company, Inc.	South Carolina	1,000	1,000	60%

Schedule 3.05(b)

Exceptions to Clear Title (Stock)

Stockholders Agreement between Haig Point / Melrose Wastewater Treatment, Inc.,
International Paper Realty Corporation of South Carolina, and The Melrose Group Limited.

Schedule 3.06

Financial Statements

Haig Point Utility System Income Statement (Unaudited) Year Ended December 31, 2006

	Haig Point Utility	Haig Point Wastewater	Adjustments	Billing- Melrose	Consolidated Total
Water & sewer revenues	\$ 283,030		\$ (3,409) (1)		\$ 279,621
Water & sewer availability	123,199				123,199
Total revenues	406,229		(3,409)		402,820
Salaries		\$ 156,559		\$ (72,064)	84,495
Employee benefits		34,995		(13,998)	20,997
Supplies and maintenance	207,620	127,315	(61,710) (2)	(50,926)	222,299
Consulting fees	16,813	6,518		(2,607)	20,724
Telephone	4,178	2,172		(869)	5,481
Bad debt (income)	4,565				4,565
Heat, light & power	21,693	32,960		(13,184)	41,469
State franchise tax		980		(392)	588
Fines & penalties		11,400		(4,560)	6,840
Other (income)	(5,550)				(5,550)
Plant charge – Utility	214,288	(214,288)			0
Plant charge – Melrose		(158,600)		158,600	0
Depreciation expense	42,912	70,222			113,134
Total costs	506,519	70,233	(61,710)	0	515,042
Pre-tax Income (loss)	(100,290)	(70,233)	58,301	0	(112,222)
Add Back:					
Depreciation	42,912	70,222	0	0	113,134
Pre-tax Cash Flow From Operations	\$ (57,378)	\$ (11)	\$ 58,301	\$ 0	\$ 912

(1) To adjust revenues to match calendar year 2006 billings

(2) Construction payments to BRW Construction charged as maintenance expense

Schedule 3.06

**Haig Point Utility System
Balance Sheet (Unaudited)
December 31, 2006**

	Haig Point Utility	Haig Point Wastewater	Adjustments	Adjusted Total
Assets:				
Accounts receivable	\$ 74,605	\$ 51,432		\$ 126,037
Allowance for doubtful accounts	(43,204)			(43,204)
Construction in progress	1,345,451			1,345,451
Property, plant & equipment	1,715,103	2,628,049		4,343,152
Accumulated depreciation	(165,816)	(221,250)		(387,066)
Income taxes receivable	60,940			60,940
Total Assets	\$2,987,079	\$2,458,231	\$ 0	\$5,445,310
Liabilities & Shareholders' Equity:				
Advances due to parent company	\$2,394,948	\$ 44,980		\$2,439,928
Accounts payable	64,032	5,464		69,496
<i>Shareholders' Equity:</i>				
Contribution in aid of construction	289,850	91,410		381,260
Common stock	1,000	1,000		2,000
Paid in capital	1,328,041	2,420,511		3,748,552
Retained earnings	(1,090,792)	(105,134)		(1,195,926)
<i>Total Shareholders' Equity</i>	<i>528,099</i>	<i>2,407,787</i>		<i>2,935,886</i>
Total liabilities & equity	\$2,987,079	\$2,458,231	\$ 0	\$5,445,310

Schedule 3.07

Litigation

Settlement Agreement between Haig Point, Inc. and Doug Corkern, et al., Case No. 2001-CP-07-803 in the Court of Common Pleas for the Fourteenth Circuit, May 25, 2005

Schedule 3.08

Compliance with Laws

None.

Schedule 3.09

Title Exceptions

None.

Schedule 3.10

Employees

Name	Job Title	Weekly Salary	Year to Date 10/14/2007	Projected Annual	
Eric Johanson	Utility Manager	\$ 892.26	\$ 37,474.92	\$ 46,397.52	Straight salary
William Donaldson	Utility Technician	\$1,077.12	\$ 36,361.26	\$ 47,132.46	\$16.83/hour
Gerald Fahringer	Part Time	-	\$ 5,730.00	\$ 5,730.00	
David Griffin	Part Time	\$ 160.00	\$ 1,270.00	\$ 2,870.00	\$20/hour
Cecil L. Humbert	Part Time	-	\$ 1,125.00	\$ 1,125.00	\$20/hour
Cecil Humbert Jr.	Part Time	-	\$ 14,260.00	\$ 14,260.00	\$15/hour
Thomas Smith	Part Time	-	\$ 5,400.00	\$ 5,400.00	\$15/ hour
Timothy Salem	Part Time	\$ 600.00	\$ 24,782.70	\$ 30,782.70	\$15/hour
	Totals	\$2,729.38	\$126,403.88	\$153,697.68	

Schedule 3.11(a)

Employee Benefit Plans

See attached.

Schedule 3.11(a)
Employee Benefit Plans

SCHEDULE OF BENEFITS FOR PREFERRED BLUE®

Employer Name: Haig Point, Inc.
Client Number: 45-39090-00-9
Group Number: 45-39090-00-9
Client Effective Date: July 15, 2002
Coverage Effective Date: July 15, 2007
Anniversary Date: July 15
Benefit Period: July 15th thru July 14th

	<u>PREFERRED BLUE PROVIDERS</u>	<u>ALL OTHER PROVIDERS</u>
<u>Inpatient Facility Benefits</u>		
All Admissions require Preadmission Review or Emergency Admission Review and Continued Stay Review.		
Hospital (other than Mental Health Services and Substance Abuse care), Skilled Nursing Facility and out-of-country Facility charges for Medically Necessary Admissions	80% of Allowable Charges	\$250 per admission Copayment, then 60% of Allowable Charges
Mental Health Services and Substance Abuse Hospital charges for Medically Necessary Admissions (limited to \$2,000 per Member per Benefit Period with a \$10,000 Lifetime Maximum Payment combined all Facility and Physician charges)	80% of Allowable Charges	\$250 per admission Copayment, then 60% of Allowable Charges
Inpatient Rehabilitation services (limited to a Lifetime Maximum Payment of \$100,000 when Preauthorized by the Corporation and performed at a Provider the Corporation designates.)	80% of Allowable Charges	\$250 per admission Copayment, then 60% of Allowable Charges
<u>Outpatient Facility Benefits</u>		
Hospital (including Emergency Room charges) or Clinic charges for medical and surgical services, preadmission testing, lab and X-ray services (including magnetic resonance imaging (MRI), CT scan and ultrasound) and all diagnostic/other miscellaneous services	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
<u>Mental Health Services and Substance Abuse Benefits</u>		
Medically Necessary outpatient Hospital and Clinic and all Physician charges for Mental Health Services and Substance Abuse care (limited to \$2,000 per Member per Benefit Period with a \$10,000 Lifetime Maximum Payment combined all Facility and Physician charges)	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
<u>Physician Services</u>		
Inpatient Physician charges for Medically Necessary Admissions in a Hospital (including initial newborn pediatric exam) and Skilled Nursing Facility, Surgery, anesthesia, radiology and pathology services (except Mental Health Services, Substance Abuse care and maternity services)	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
Physician office charges for Second Surgical Opinion, consultation, dialysis treatment	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible

SCHEDULE OF BENEFITS FOR PREFERRED BLUE
(continued)

<u>Physician Services</u> (continued)	<u>PREFERRED BLUE PROVIDERS</u>	<u>ALL OTHER PROVIDERS</u>
Physician charges for services in an outpatient Hospital or Clinic, including Surgery, (except Mental Health Services, Substance Abuse care, physical therapy and maternity services), outpatient lab and X-ray services (including magnetic resonance imaging (MRI), CT scan and ultrasound) and all other miscellaneous services	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
Physician office charges (except Mental Health Services, Substance Abuse care, dialysis treatment, physical therapy or maternity services), diagnostic lab and X-ray services and all other miscellaneous services in conjunction with the office charge	\$20 per occurrence Copayment, then 100% of Allowable Charges	60% of Allowable Charges after the Deductible
Routine OB-GYN (gynecological) examination, limited to two annually, for any female Member	\$20 per occurrence Copayment, then 100% of Allowable Charges	No Benefits
Routine pap smear services, limited to one annually, or more often if recommended by a Physician	\$20 per occurrence Copayment, then 100% of Allowable Charges	No Benefits
Routine prostate exams, screenings and lab work according to the most recently published American Cancer Society guidelines	\$20 per occurrence Copayment, then 100% of Allowable Charges	No Benefits
<u>Other Services</u>		
<u>Human Organ and Tissue Transplants</u> When preapproved by the Corporation, Benefits are payable for all expenses for medical and surgical services and supplies incurred while covered under this Contract for human organ and/or tissue transplants. All Benefits provided during a Transplant Benefit Period will apply toward the Transplant Lifetime Maximum. Prescription Drugs, however, do not apply toward the Transplant Lifetime Maximum. Each of the following transplant procedures are subject to a Transplant Benefit Period and a Transplant Lifetime Maximum that is listed below. For transplants not listed below, the Corporation will determine the Transplant Lifetime Maximum on an individual basis.		\$250 per admission Copayment, then 60% of Allowable Charges after the Deductible
Transplant Lifetime Maximum	80% of Allowable Charges after the Deductible	
• Kidney (single/double) \$60,000		
• Pancreas and Kidney \$150,000		
• Heart \$120,000		
• Lung (single/double) \$150,000		
• Liver \$200,000		
• Pancreas \$80,000		
• Heart and (single/double) Lung \$200,000		
• Bone Marrow \$200,000		
When Preauthorization by the Corporation is not obtained for human organ and/or tissue transplants.	No Benefits	No Benefits
Ambulance, prosthetics, oxygen, Durable Medical Equipment (purchase or rental - Preauthorization is required if \$100 or more), all other charges for out-of-country services or supplies (including outpatient Facility and Physician)	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible

SCHEDULE OF BENEFITS FOR PREFERRED BLUE
(continued)

	PREFERRED BLUE PROVIDERS	ALL OTHER PROVIDERS
<u>Other Services</u> (continued)		
Home Health Care and Hospice Care with the required Preauthorization	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
Physical therapy, other than inpatient (limited to a \$1,000 Maximum Payment per Member, per Benefit Period)	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
Routine maternity services inpatient and outpatient Physician services	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
Medical supplies, syringes and related supplies for conditions such as diabetes, dressings for conditions such as cancer or burns, catheters, ostomy bags and related supplies, test tape, surgical trays and renal dialysis supplies	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
Spinal subluxation services (limited to a \$500 Maximum Payment per Member, per Benefit Period)	Not Purchased	Not Purchased
Supplemental Accidental Injury limited to a \$500 Maximum Payment per Member, per Benefit Period	Not Purchased	Not Purchased
Prescription Drugs for the promotion of growth	80% of Allowable Charges after the Deductible	60% of Allowable Charges after the Deductible
<u>Optional Preventive Benefits</u>		
Routine physical exam - Limited to one exam per Member, each Benefit Period, with a maximum payment of \$300 each Benefit Period	100% of Allowable Charges	No Benefits
Well baby care up to age 7 and immunizations as recommended by the American Academy of Pediatrics for Dependents	\$20 per occurrence Copayment, then 100% of Allowable Charges	No Benefits
	MAMMOGRAPHY NETWORK PROVIDER	ALL OTHER PROVIDERS
<u>Mammography Benefits</u>		
Routine mamunography screening (annually for any female Member age 40 or older) according to the most recently published American Cancer Society guidelines. The Deductible does not apply.	100% of Allowable Charges	No Benefits
	CONTRACTING MAIL SERVICE PHARMACY	PARTICIPATING NETWORK PHARMACY
<u>Prescription Drugs</u>		NON-PARTICIPATING NETWORK PHARMACIES
Drug Card Generic, Preferred and Non-Preferred Drugs	\$8 Prescription Drug Copayment for each Generic Drug and \$55 Prescription Drug Copayment for each Preferred Drug and \$125 Prescription Drug Copayment for each Non-preferred Drug with the balance paid at 100% of the Allowable Charge. Contraceptives are included. Benefits are limited to a 31-day supply except for maintenance drugs. 90-day supply of maintenance drugs.	\$4 Prescription Drug Copayment for each Generic Drug and \$25 Prescription Drug Copayment for each Preferred Drug and \$50 Prescription Drug Copayment for each Non-preferred Drug with the balance paid at 60% of the Allowable Charge. Contraceptives are included. Benefits are limited to a 31-day supply except for maintenance drugs. 90-day supply of maintenance drugs with 3 Prescription Drug Copayments.

SCHEDULE OF BENEFITS FOR PREFERRED BLUE
(continued)

MAXIMUM PAYMENT

\$2,000,000 per Member per lifetime inclusive of \$10,000 for Mental Health Services and Substance Abuse care combined per Member per lifetime, \$100,000 for physical rehabilitation per Member per lifetime and amounts specified for human organ and/or tissue transplants per Member per lifetime.

BENEFIT PERIOD DEDUCTIBLE

The Deductible is \$250. It is limited to three Deductibles per Family per Benefit Period. Deductible amounts do not apply to the Out-of-pocket Expense.

PER-OCCURRENCE COPAYMENT

Per-occurrence Copayment amounts do not accumulate toward the Out-of-pocket Maximum, and do not stop when the Out-of-pocket Maximum is reached.

OUT-OF-POCKET EXPENSES

When Out-of-pocket Covered Expenses rendered by Preferred Blue Providers are incurred in excess of \$1500 per Member or \$3000 per Family for Coinsurance amounts during any Benefit Period, Covered Expenses received from Preferred Blue Providers are payable at 100% of the Allowable Charges with the exception of Mental Health Services, Substance Abuse care and Spinal Subluxation Services (if purchased).

When Out-of-pocket Covered Expenses rendered by Non-preferred Blue Providers are incurred in excess of \$3000 per Member or \$6000 per Family for Coinsurance amounts during any Benefit Period, Benefits for Covered Expenses for Non-preferred Blue Providers are payable at 100% of the Allowable Charges with the exception of Mental Health Services, Substance Abuse care and Spinal Subluxation Services (if purchased). The incurred Out-of-pocket Covered Expenses contribute to both Out-of-pocket Maximums. The Coinsurance for Mental Health Services, Substance Abuse care and Spinal Subluxation Services (if purchased) does not contribute to the Out-of-pocket Maximums, nor does the percentage of reimbursement change from the amount indicated on the Schedule of Benefits.

PREADMISSION REVIEW, EMERGENCY ADMISSION REVIEW AND PREAUTHORIZATION

All Admissions require Preadmission Review or Emergency Admission Review, and Continued Stay Review. All cosmetic Surgery or procedures, treatment for outpatient Mental Health Services and Substance Abuse care, Home Health Care, Hospice Care, human organ and/or tissue transplants and inpatient rehabilitation services require Preauthorization Review. The following outpatient procedures or supplies require Preauthorization: chemotherapy or radiation therapy (first treatment only), hysterectomy, septoplasty, sclerotherapy and Durable Medical Equipment (DME) when the purchase price or rental cost of the DME is \$100 or more.

If Preadmission Review is not obtained for all Facility Admissions, room and board will be denied. If approval is not obtained for Emergency Admissions within 24 hours or by 5 p.m. of the next working day following the Admission, room and board will be denied. If Preauthorization is not obtained for outpatient Mental Health Services and Substance Abuse services, appropriate Benefits will be paid after a 50% reduction in the Allowable Charge. If Preauthorization is not obtained for outpatient chemotherapy or radiation therapy (first treatment only), hysterectomy, septoplasty or sclerotherapy, appropriate Benefits will be paid after a 50% reduction in the Allowable Charge. If Preauthorization is not obtained for DME \$100 or more, human organ and/or tissue transplants, Home Health Care, Hospice Care, inpatient rehabilitation services (or not performed by a Provider the Corporation designates) or all cosmetic Surgery or procedures, no Benefits will be paid.

MYBLUEDENTALSM
SCHEDULE OF BENEFITS

Employer Name: Haig Point, Inc.

Client No.: 45-39090-00-9

Group No.: 45-39090-00-9

Client Effective Date: July 15, 2002

Coverage Effective Date: July 15, 2007

Anniversary Date: July 15

Benefit Year: July 15th thru July 14th

Option: Standard

Class I – Preventive Care 100% of the Allowable Charge

Class II – Restorative Care 80% of the Allowable Charge

Class III – Major Restorative Care 50% of the Allowable Charge

Maximum Payment per Member
per Benefit Year for Class I,
Class II and Class III Benefits \$1,000

Maximum Deductible Amount per
Benefit Year \$ 50 per Member
3 per Family

This Deductible applies to
 X Class II
 X Class III

A Predetermination of Benefits should be filed to the Corporation when the cost of dental treatment is \$100.00 or more.

Schedule 3.12

Environmental Matters

None.

Schedule 3.13(a)

Real Property

A. HAIG POINT UTILITY COMPANY

Haig Point

Daufuskie Island, SC:

1. Well Site #1 (1.588 acres), Haig Point
Tax ID Number: R800-022-00D-0026-0000
Acquired from Haig Point, Inc. by deed dated 2/1/01
2. Well Site #2 (1.040 acres), Haig Point
Tax ID Number: R800-022-00G-0079-0000
Acquired from Haig Point, Inc. by deed dated 2/1/01
3. Elevated Tank Site (.337 acres) (Parcel 3 Equestrian Center), Haig Point
Tax ID Number: R800-025-000-0045-0000
Acquired from Haig Point, Inc. by deed dated 4/1/01
4. Ingress/Egress & Utility Easement, Haig Point, Daufuskie Island
Tax ID Number: R800-022-00C-0070-0000
Acquired from Plantation Land Company, Inc. by deed dated 10/23/84

B. HAIG POINT/MELROSE WASTEWATER TREATMENT COMPANY, INC.

Haig Point

Daufuskie Island, SC:

1. 8-3 Haig Point Road – Wastewater Treatment Plant, portion of Lot 47 Cooper River Place (5.853 acres)
Tax ID# R800-025-000-0014-0000
Acquired from Haig Point/Melrose Wastewater Treatment Company, Inc.

C. Water & Sewer Infrastructure at the locations shown on the next page.

Disclosure Schedule Water & Sewer Assets, September 30, 2007

Project	Date of Operating Permit Issuance	Asset Life	Water	Sewer	Total
Plat 1 & Maintenance Area	2/20/87	50 Years	\$ 255,905.02		\$ 255,905.02
Plat 1 & Maintenance Area	5/15/87	50 Years		\$ 419,380.74	419,380.74
Well No. 1 & 2	2/2/87	50 Years	353,359.82		353,359.82
Phase 1 & 2 (Partial)	2/2/88	50 Years	28,334.20	14,681.70	43,015.90
Beach Club	7/7/87	50 Years	20,247.00	23,779.00	44,026.00
Beach Club	6/11/86	50 Years	83,220.40		83,220.40
Plat 2	12/1/87	50 Years		160,253.45	160,253.45
Plat 2	3/30/94	50 Years	15,735.35		15,735.35
Plat 2	3/14/94	50 Years		42,408.70	42,408.70
Plat 3	11/24/87	50 Years	47,829.45	74,301.30	122,130.75
Plat 3	12/9/88	50 Years	14,666.50		14,666.50
Plat 4	9/22/00	50 Years		18,724.75	18,724.75
Plat 4	12/9/88	50 Years	76,068.00		76,068.00
Plat 5	9/22/00	50 Years		113,052.70	113,052.70
Plat 6	6/14/89	50 Years	33,834.00	57,729.85	91,563.85
Plat 7	3/9/89	50 Years	9,623.15	28,962.45	38,585.60
Plat 8	5/25/89	50 Years	30,740.00	55,480.80	86,220.80
Plat 9	2/26/90	50 Years	3,797.20	15,223.25	19,020.45
Plat 10	2/26/90	50 Years	68,714.50	50,880.50	119,595.00
Plat 11 Blocks A & B	1/30/91	50 Years	53,728.60	69,783.00	123,511.60
Plat 11 Blocks A & B	6/1/94	50 Years	34,888.75	75,102.50	109,991.25
Osprey Island	8/22/00	50 Years	8,264.00	10,857.00	19,121.00
Equestrian Center	9/6/90	50 Years	34,451.17	24,282.50	58,733.67
Haig Point/Melrose WWTP Phase 1	2/5/87	50 Years		797,381.00	797,381.00
Less: Melrose Portion		50 Years		(318,952.40)	(318,952.40)
Village Square	5/12/87	50 Years	6,417.20	10,795.95	17,213.15
MF-3 Townhomes (Savannah Walk)	9/2/87	50 Years	6,620.00	13,545.00	20,165.00
Clubhouse	5/15/87	50 Years	99,226.84	40,973.06	140,199.90
Clubhouse	3/3/87	50 Years	44,062.95		44,062.95
Landing Building (Strachan Mansion)	4/27/87	50 Years		24,388.00	24,388.00
Haig Point/Melrose WWTP Phase 3	10/13/03	50 Years		58,500.00	58,500.00
Less: Melrose Portion		50 Years		(23,400.00)	(23,400.00)
Plat 15	4/9/96	50 Years	63,711.00	124,856.45	188,567.45
Plat 16	4/9/96	50 Years	14,246.25	15,023.00	29,269.25
Plat 18	2/22/00	50 Years	31,576.00	55,873.75	87,449.75
Plat 19	6/30/00	50 Years	95,733.75	192,818.75	288,552.50
Plat 20	8/9/00	50 Years	78,181.75	114,142.50	192,324.25
Plat 21 (River Place)	8/22/00	50 Years	35,311.00	56,438.80	91,749.80
Plat 22	12/14/00	50 Years	63,055.15	144,077.20	207,132.35
Haig Point Effluent Transmission Line	9/24/87	50 Years		66,703.75	66,703.75
400' Square Foot Office Building			0.00	0.00	0.00
Sub-Total			\$1,711,549.00	\$2,628,049.00	\$4,339,598.00

Submersible Lift Station Pump			\$ 3,554.00		\$ 3,554.00
2007 Additions:					
Elevated Water Storage Tank	PIS 2/1/2007	50 Years	863,379.24		863,379.24
Potable Water Well No. 3	PIS 2/1/2007	50 Years	439,704.73		439,704.73
Wastewater Plant Upgrades	PIS 2/1/2007	4 Years	42,334.67		42,334.67
Lift Station Upgrades	PIS 2/1/2007	4 Years	39,572.00		39,572.00
	PIS 9/1/2007	1/3/00	12,964.00		12,964.00
Sub-Total			1,397,954.64		1,397,954.64
Total Assets			\$3,113,057.64	\$2,628,049.00	\$5,741,106.64

Schedule 3.13(b)

Exceptions to Title (Real Property)

1. Matters as set forth in that certain title report from Walter Nester dated [] and in any owner's policy of title insurance issued in connection with the Real Property.
2. Matters set forth in the real estate records of Beaufort County, South Carolina with respect to the Real Property
3. Agreement for Water and Sewer Service, dated June 3, 2002, by and between Haig Point Utility Company, Inc., and Widewater Dunes Limited Partnership to provide certain water and sewer services to Cedar Cove Development, Daufuskie Island, Beaufort County, South Carolina.
4. Stockholders Agreement between Haig Point / Melrose Wasterwater Treatment, Inc., International Paper Realty Corporation of South Carolina, and The Melrose Group Limited.
5. Settlement Agreement between Haig Point, Inc. and Doug Corkern, et al., Case No. 2001-CP-07-803 in the Court of Common Pleas for the Fourteenth Circuit

Schedule 3.14

Taxation

State income and franchise tax returns of International Paper Company, of which the Haig Point Entities are a part, are currently under examination by the State of Illinois for the 2003 – 2004 taxable years. There are no known audit issues specific to the Haig Point Entities.

Schedule 3.17

Personal Property

Property	Description	Year	VIN# or Serial #
Truck	Ford F-350 XL	1996	1FDKF37H9TEB80554
Truck	GMC Sierra	2005	1GTEC14X05Z254126
Hand Held Meter Device	Psion Workabout	2005	A6224000402D
Emergency Generator	175kw Caterpillar Diesel Portable		
Emergency Generator	Baldor 3000w Powerchief		
Tractor	Double Axle Light Duty		
	Single Axle 200 Gallon Fuel Transfer		
Tractor	Tractor		
Mower	Dixie Chopper XW2000		
Pump	4" AMT Trash Pump		
Pump	2" AMT Trash Pump		
Laboratory Equipment	Fisher Scientific Model 25 PH/ION Meter		
Laboratory Equipment	YSI 5000 Dissolved Oxygen Meter		
Laboratory Equipment	YSI 550A Portable Oxygen Meter		
Office	HP5110 Office Jet Copier		
Office	Dell Optiplex 210 Computer		
Office	Brother Intellifax 2480C Fax/Copier		
Office	2 Drawer File cabinet		
Office	4 Drawer File Cabinet		
Office	4 Drawer Legal File Cabinet		
Office	(2) Standard Size desks		
Office	(2) Swivel Desk Chairs		
Boat	12 Foot Aluminum Skiff		
Trailer	35' Construction Trailer		

Schedule 3.18

Contracts

1. Agreement for Water and Sewer Service, dated June 3, 2002, by and between Haig Point Utility Company, Inc. and Widewater Dunes Limited Partnership to provide certain water and sewer services to Cedar Cove development, Daufuskie Island, Beaufort County, South Carolina.
2. Consolidation Agreement executed in February, 1985, by and between International Paper Realty Corporation of South Carolina and The Melrose Group Limited Partnership in connection with plans to develop wastewater treatment systems to accommodate their respective developments.
3. Confidentiality Agreement dated November 1, 2005, from Haig Point Club and Community Association, Inc. to International Paper Company and its affiliates.
4. Confidentiality Agreement dated November 1, 2005, from Plantation Land Properties, LLC to International Paper Company and its affiliates.
5. Settlement Agreement between Haig Point, Inc. and Doug Corkern, et al., Case No. 2001-CP-07-803 in the Court of Common Pleas for the Fourteenth Circuit
6. Stockholders Agreement between Haig Point / Melrose Wasterwater Treatment, Inc., International Paper Realty Corporation of South Carolina, and The Melrose Group Limited.

Schedule 5.01

Conduct of the Haig Point Entities

None.

Schedule 6.05

Release of Guarantees

1. Bond No. 64S104330507 (dated effective 06/09/2004) and Surety Rider thereto (dated effective 07/21/2005) executed by HPUC as Principal and by Travelers Casualty and Surety Company of America as Surety, in the amount of Three Hundred Fifty Thousand (\$350,000.00) Dollars in favor of the Public Service Commission of South Carolina as Obligee
ax
2. Bond No. 64S104330508 (dated effective 06/09/2004) and Surety Rider thereto (dated effective 07/21/2005) executed by HPUC as Principal and by Travelers Casualty and Surety Company of America as Surety, in the amount of Three Hundred Fifty Thousand (\$350,000.00) Dollars in favor of the Public Service Commission of South Carolina as Obligee
3. JPMorgan Letter of Credit issued November 7, 2003 in the amount of \$450,000.00 to Haig Point Club and Community Association, Inc.

Schedule 9.02

Severance Pay

None.

EXHIBIT C

[GUASTELLA ASSOCIATES QUALIFICATIONS]

John F. Guastella, President

B.S., Mechanical Engineering, Stevens Institute of Technology, 1962

Registered Professional Engineer in: Florida, New York, and New Jersey

Member:

American Water Works Association
National Association of Water Companies
American Society of Appraisers

Committees:

AWWA, Water Rates Committee (Manual M-1, 1983 Edition)

National Association of Regulatory Utility Commissioners (NARUC)

NAWC, Joint-Committee on Rate Design

NAWC, Rates and Revenue Committee

NAWC, Small Water Company Committee

Currently, Mr. Guastella is President of Guastella Associates, Inc., which provides management, valuation and rate consulting services for municipal and investor-owned utilities. His clients include utilities in half of the continental States of the USA.

Mr. Guastella also served for more than four years as President of Country Knolls Water Works, Inc., a water utility which serves some 5,500 customers in Saratoga County, New York. He also served as a member of the Board of Directors of the National Association of Water Companies.

Prior to establishing his own firm, Mr. Guastella was employed by the New York State Public Service Commission for sixteen years. For two years he was involved in the regulation of electric and gas utilities, with the remaining years devoted to the regulation of water utilities. In 1970, he was promoted to Chief of Rates and Finance in the Commission's Water Division. In 1972, he was made Assistant Director of the Water Division. In 1974, he was appointed by Alfred E. Kahn, then Chairman of the Commission, to be Director of the Water Division, a position he held until he resigned from the Commission in August, 1978.

In addition to his employment and client experience, Mr. Guastella served as Vice-Chairman of the Staff-Committee on Water of the National Association of Regulatory

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Utility Commissioners (NARUC). This activity involved the preparation of the "Model Record-Keeping Manual for Small Water Companies," which was published by the NARUC. This manual provides detailed instruction on the kinds of operation and accounting records that should be kept by small water utilities, and on how to use those records.

Since 1974 he has prepared study material, assisted in program coordination and served as an instructor at the Eastern Annual Seminar on Water Rate Regulation sponsored by the NARUC in conjunction with the University of South Florida, Florida Atlantic University, the University of Utah and currently Florida State University. This course is recognized as one of the best available for teaching rate-setting principles and methodology. It is attended by regulatory staff, utility personnel and accounting, engineering, legal and consulting firms throughout the country. In 1980 he was instrumental in the establishment of the Western NARUC Rate Seminar and has annually served as an instructor since that time. He has also served as an instructor and panelist in a water and sewer utility rates and regulations seminar conducted by the Independent Water and Sewer Companies of Texas.

Expert Witness

Mr. Guastella has qualified and testified as an expert witness before regulatory agencies and municipal jurisdictions in the states of Connecticut, Delaware, Florida, Illinois, Indiana, Massachusetts, Missouri, Montana, Nevada, New Mexico, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, Texas and Virginia.

Papers and Presentations

Mr. Guastella has presented papers at meetings of the National Association of Regulatory Utility Commissioners, the American Water Works Association, the National Association of Water Companies, the New England Conference of Public Utilities Commissioners, the Florida, New England and New York Chapters of NAWC, the Mid-America Regulatory Conference, the Southeastern Association of Regulatory Utility Commissioners, the Pennsylvania Environmental Conference, and the Public Utility Law Section of the New Jersey Bar Association.

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